

МІНІСТЕРСТВО ОСВІТИ І НАУКИ,
МОЛОДІ ТА СПОРТУ УКРАЇНИ

НАЦІОНАЛЬНИЙ ТЕХНІЧНИЙ УНІВЕРСИТЕТ
«ХАРКІВСЬКИЙ ПОЛІТЕХНІЧНИЙ ІНСТИТУТ»

МЕТОДИЧНІ ВКАЗІВКИ

**до виконання контрольних робіт та самостійної роботи студентів
з англійської мови для 5 курсу БФ факультету
заочної форми навчання**

Затверджено
редакційно-видавничою
радою університету,
протокол № 1 від 20.06.2012

Харків
НТУ «ХПІ»
2012

Методичні вказівки до виконання контрольних робіт та самостійної роботи студентів з англійської мови для 5 курсу БФ факультету заочної форми навчання Уклад. : Комова Г.В., Кириленко Л.Г., Мужецький П.П.. – Х. : НТУ «ХП», 2012. – 88 с.

Укладачі: Г.В. Комова
Л.Г. Кириленко
П.П. Мужецький

Рецензент: В.В. Рубцова

Кафедра міжкультурної комунікації та іноземної мови

Передмова

Дані методичні вказівки призначені для самостійної та аудиторної роботи студентів економічних спеціальностей курсу заочної форми навчання.

Дотримання методичних вказівок сприяє оволодінню студентами необхідним граматичним, лексичним матеріалом з англійської мови, а також їх підготовці до заліків.

Робота складається з контрольних завдань та підбору сучасних текстів з наукових видань за економічними спеціальностями, що дозволяє використовувати методичні вказівки також для повторення вивченого матеріалу і для самостійної роботи з текстами в аудиторії та вдома.

Для того щоб правильно виконати контрольне завдання, необхідно засвоїти такі розділи курсу англійської мови:

Загальні та спеціальні запитання.

Словотворення та деривативи (похідні слова).

Сполучники.

Прислівники з прийменниками.

З'єднуючі прислівники.

Модальні дієслова.

Неособові форми дієслова.

I VARIANT

I. Прочитайте, перепишіть та перекладіть текст.

CUSTOMERS FIRST: THE MESSAGE FOR THIS OR ANY OTHER YEAR

My new HP printer – scanner – copier refused to scan when I bought it and it took me weeks to sort it out. Also the machine could not print on lightweight cards, as it was supposed to, without jamming. Why is it so hard for companies to get things right? Many banks, retailers and the rest are no better. I know this is not just a British phenomenon: every time I write about deteriorating customer service, many of you e-mail from elsewhere with the same complaints. What is the problem? Some of it is industry-specific: either there is insufficient competition or dissatisfied customers cannot be bothered to change because they doubt they will find anything no better. But I sense a deeper problem: many companies seem to have forgotten what business is about.

They think it is about cutting costs: hence the mania for outsourcing. I am not attacking outsourcing as such; it is not, on its own, responsible for deteriorating customer service. Rather, the problem is the mindset that so much outsourcing represents: the idea that a startling reduction in employment costs is all you need to succeed. Costs do matter. If they exceed revenues, you have no profit – and no company, or individual, can carry on for long without profits. But making a profit, essential though it is, is not the purpose of business either. It is its consequence. As Peter Drucker wrote: “Profit is not the explanation, cause or rationale of business behaviour and business decisions, but rather the test of their validity”.

The purpose of a business is to provide something that a customer wants at a price he or she is prepared to pay. In Prof. Drucker’s words: “It is the customer who determines what a business is. It is the customer alone whose willingness to pay for a good or for a service converts economic resources into wealth, things - into goods. “It is a simple idea. You provide goods or services that customers are pleased with – so pleased that they come back, and tell all their friends to buy from you too. You then sell more. Result: happiness. Carrying this out, of course,

is less simple. Others may have found a way of providing the same goods at far lower prices, in which case costs will have to be looked at again and you may have to move jobs to low-wage countries. There is also the difficulty of execution: the bigger your business becomes and the more widespread your suppliers and customers, the harder it is to deliver.

You may need information technology systems to keep track of supplies and to ensure that when your customers call, it takes you no more than a few seconds to call up the information you need.

But when the new IT system has been installed, or the foreign factory built, or this or that activity put out to contract, there is only one test of whether it was worth it: are the customers happy?

It is with the customer that all business decisions should start and end.

Vocabulary notes

retailer – роздрібний торговець;

deteriorate customer service – погіршувати клієнтське обслуговування;

insufficient competition – незадовільна конкуренція;

outsourcing – доручення певних функцій підряднику;

low-waged countries – країни з низькою заробітною платою;

execution – виконання.

II. Дайте відповідь на такі запитання до тексту:

1. Why is it so hard for companies to get things right?
2. What is the purpose of business?
3. Why are customers so important for companies?
4. Why do companies spend a lot of money on information technology?

III. Випишіть з тексту англійські еквіваленти таких словосполучень:

невдоволений клієнт;

скорочувати вартість;

перевищувати річний дохід;

перетворити економічні ресурси на багатство;
спосіб надання однакового товару за значно нижчою ціною.

IV. Визначте номери абзаців, у яких мова йде:

- 1) про основні причини погіршення якості товарів;
- 2) про те що ІТ технології поліпшують якість обслуговування клієнтів.

V. Випишіть з тексту речення, що передають основну думку тексту.

VI. Складіть запитання до наступних стверджень, використовуючи наведені слова і фрази та перекладіть речення.

- While I'm having lunch, I often discuss problems with colleagues.
 1. (Yes/no question)
- You don't have to queue up when you buy online.
 2. (add a question tag)
- For a successful career in business you will need to be able to get on with people at all levels.
 3. What quality ...?
- They are planning to open a new store in New York next year.
 4. Where do you think ...?
- Some products are developed in response to customer research.
 5. I'm interested to know ...

VII. Закінчіть кожне речення правильною формою, утвореною від виділеного слова та перекладіть його.

ECONOMY

1. All those wonderful ... haven't found a solution to our problems.
2. We must ... on electricity, so switch off those lights.
3. They sell good – quality clothes at ... prices.
4. She has a degree in ...

5. It's not a very ... method of heating.

COMMERCE

6. He failed to see the ... value of his discovery.

7. I'm afraid the scheme is not ... viable.

8. The resort has become so ... that we're going somewhere else.

9. As well as newspaper advertising, we plan a series of TV ...

10. Some measures should be taken to promote local ... and industry.

VIII. Виберіть відповідний сполучник та перекладіть речення.

1. Prof. Newman, (which/whose/whom) latest book has enjoyed much popularity, will give a lecture on Friday.

2. (Though/Since/But) it may seem strange, London had less rain than Rome during my last business trip there.

3. He bought a truck (if/in order that/in case) he could carry his own business.

4. I doubt (what/who/whether) anyone else in the office agrees with me.

5. The book won't be published until next year, (that/what/which) is disappointing.

IX. Вставте відповідний прислівник або/та прийменник і перекладіть речення.

1. This incident brings us ... the problem of security.

2. What has brought ... these changes?

3. The price war is bringing the cost of flights...

4. This exhibition brings ... many different companies' products.

5. We have brought ... proposals for a new office building.

6. Every time I bring the matter ..., he changes the subject.

7. His job only brought him ... a small income.

8. The publishers are bringing ... a new edition of the dictionary next month.

X. Виберіть відповідний конектор із трьох даних для кожного з наведених уривків тексту та перекладіть речення.

1. You can now telephone our credit card hotline on 0121 414 6203. (Accordingly/Alternatively/Equally) complete the order form and return it to the address printed.

2. His mother had been determined that he should not become a coal miner as his father. (Accordingly/All in all/At the same time), she had sent him to study economics at university.

3. I believe my career has been well spent. (At last/At least/At the same time) that is my view.

4. The recent recession has destroyed a high proportion of vacation jobs. (Hence/However/Nonetheless), we would expect student debt to be over a sharp rise at present.

5. We were discussing the agenda. (Moreover/Furthermore/Meanwhile), he was making all the necessary arrangements.

XI. Перепишіть речення з правильно підібраним варіантом з виділеного та перекладіть.

1. The taxi needs *to/should/would* be here in a couple of minutes. *We'd better/ "ve better /"d better* to get ready to go.

2. We're completely lost. *I'm not able to/can't/mustn't* find any of the street names around here on the map. We *must have/have got to have/can have taken* the wrong turning at the traffic lights about a kilometre back.

3. He insisted *to pay/on paying* for the meal.

4. The interviewer started off *to ask/by asking* me why I wanted the job.

5. I can clearly recall *his saying/him saying* that he was meeting Sarah at eight o'clock.

6. The driver was arrested for failing *of report/report/reporting/to report* an accident.

II VARIANT

I. Прочитайте, перепишіть та перекладіть текст.

KEEPING YOUR CLIENT RELATIONSHIP AFLOAT

The passengers of the Aurora had every right to be angry. The round-the-world cruise for which they had paid thousands of pounds was cancelled after persistent engine problems. Yet there was little anger among the passengers. While the ship was held off the south coast of England, the passengers remained calm and even cheerful. Though many expressed regret as they finally disembarked, they were not hostile towards the ship's operators, P&O. This may have been due to the company's management of the crisis.

Dealing with a service failure is a formidable task for any marketing manager. If poorly handled, the consequences can be bad public relations, desertion by customers and even lawsuits. The Aurora story shows how managers, if they move quickly, can avoid some of the worst effects of service failures.

Unhappy customers tend to tell others of their experience. Studies in the US have shown that dissatisfied customers tend to tell around ten other people of their bad experience; even worse, they can take their stories to the press.

Dissatisfied customers also defect to rival businesses. Although every service failure will be different, some basic principles can assist in recovery. The first is early recognition of the problem. In P&O's case this was easy: everyone involved knew that the large ship was not going anywhere.

The second principle is accepting responsibility. Many companies prefer to argue with customers over where responsibility lies, so without realizing that damage is being done regardless of who is at fault. Although there are limits to the responsibilities companies should accept – such as accidents and injuries that were not the company's fault – there is usually little profit in scoring moral victories over customers.

Once responsibility is accepted, the two most urgent needs for the company to address are communication and compensation. Transparency is vital. Academic studies have not shown that when faced with product or service failure, companies that communicate truthfully and promptly with their

customers receive a favourable response. These customers feel that their concerns are actually being addressed and taken seriously. In the Aurora case, senior P&O managers were often on hand to provide information to passengers, who regarded this as a positive feature.

Compensation must be carefully matched to the customer's dissatisfaction. Researchers in the US found an example of a hotel chain that had a policy of instantly refunding the full room rate to any guest with a genuine complaint, no matter how trivial. P&O reportedly offered the same level of compensation to the passengers of the Aurora. It refunded in full the money paid by the customers whose holiday was cancelled.

Research across a wide variety of service industries over the past 20 years confirms that a successful service recovery operation reduces or even eliminates any consumer dissatisfaction. The aborted cruise of the Aurora was disappointing for P&O passengers. But the consequences could have been far worse. Many of the passengers said they planned to travel on a P&O cruise in the future.

Vocabulary notes

management of the crises – заходи щодо виправлення становища;

service failure – відсутність належного обслуговування;

rival business – конкуруючий бізнес;

to refund in full – відшкодувати повністю, повернути (гроші);

to score moral victory – отримувати моральну перевагу;

recovery operation – робота щодо успішного відновлення.

II. Дайте відповідь на такі запитання до тексту:

1. What was the reaction of the passengers of the Aurora after the round-the-world cruise had been cancelled?
2. What can the consequences be if service failure is poorly handled?
3. What basic principles can assist in recovery?
4. How should companies communicate with dissatisfied customers?

III. Випишіть з тексту англійські еквіваленти таких словосполучень:

вороже ставитись до компанії, яка обслуговує;
уникати;
визнання проблем;
найбільш необхідні речі (у даному випадку);
брати на себе відповідальність;
спілкуватися чесно та з готовністю.

IV. Визначте номери абзаців, у яких мова йде:

- 1) про наслідки незадовільного керування кризовою ситуацією;
- 2) про важливість адекватної компенсації внаслідок неможливості надання обслуговування.

V. Випишіть з тексту речення, що передають основну думку тексту.

VI. Складіть запитання до наступних стверджень, використовуючи приведені слова і фрази та перекладіть речення.

- When I work long hours, I can take time off another day.
 1. (Yes/no question)
- Customers are now spending more money on products they desire rather than on products they need.
 2. ... or ...?
- To manage stress at work successfully, people have to find out the main reason for it.
 3. How ...?
- The key to successful marketing involves many different things.
 4. What do you think ...?
- Before starting a company you first need to write a business plan.
 5. Do you (happen to) know ...?

VII. Закінчіть кожне речення правильною формою, утвореною від виділеного слова та перекладіть його.

INDUSTRY

1. In this high – tech world, espionage is on the increase.
2. Mr. Frederics, a prominent..., will head the committee.
3. In some of the more... countries pollution is a big problem.
4. The tourist trade has become a real... in the country.
5. In the favourable economic environment, new light... are constantly springing up.

SATISFY

6. What job ... can anybody get from working on an assembly line?
7. We hope the discussions with our creditors will have a ... outcome.
8. The customer was ... with the service and complained to the boss.
9. The program is designed to ... the needs of adult learners.
10. Unfortunately, his progress this term has been ...

VIII. Виберіть відповідний сполучник та перекладіть речення.

1. The newspaper is owned by the Myerson Group (which/whom/whose) chairman is James Beck.
2. (Since/Although/So that) I enjoyed the holiday, I was glad to be home.
3. He stayed at work late (so that/in case/unless) he could complete the report.
4. Consider carefully (what/whether/which) the equipment you are interested in is good value for money.
5. That master's course, (whose/when/which) I took in 1990, is no longer taught at the college.

IX. Вставте відповідний прислівник або/та прийменник і перекладіть речення.

1. Can you tell me how it came ... that you decided to change your secretary?
2. They came ... some interesting facts when doing their market research.

3. She came ... with a great idea for increasing sales.
4. The total bill comes ... over a thousand pounds.
5. Inflation came ... twice in the last year.
6. We've got more work coming ... than we can handle.
7. We are getting nowhere, so let's try coming ... the problem from a different angle.
8. I sent her an email and a message came ... that she was away.

X. Виберіть відповідний конектор із трьох даних для кожного з наведених уривків тексту та перекладіть речення.

1. We will ensure that anything you ask for is delivered directly to your hotel room. (Likewise/Otherwise/Thereby), if you wish to visit the ballet or opera, this too will be arranged.

2. Without those items, the company would have come in with a \$ 50 million loss. (Meanwhile/For instance/Still), that is a big improvement over the same quarter of one year ago.

3. He has no experience in running anything. The other candidate, (similarly/namely/by contrast), is a man who made a fortune in business before going into public life.

4. He previously worked in the Ministry of Finance. He comes, (above all/therefore/besides), with a great deal of experience and expertise.

5. Are you pressed for time, Mr. Bails? (Further/If not/After all), I suggest we have lunch before discussing the terms.

XI. Перепишіть речення з правильно підібраним варіантом з виділеного та перекладіть.

1. You *haven't got to/needn't/mustn't* go on the beach when the tide's coming in. It's very dangerous. You *can/might/ would* play in the fields instead.

2. I was beginning to be concerned that I *won't/mustn't/wouldn't* get to the station for my train. But I *didn't need worry/needn't have worried/ needn't worry*; Colin turned up in good time to give me a lift.

3. The ticket enables you *visiting/ to visit* both the museum and the art gallery.

4. I've heard a lot about Dr. James, and I *am looking forward to hearing/to hear* his talk tomorrow.

5. Although Patricia is a doctor herself, it doesn't *entitle her to/entitle for* her to special treatment, and she will have to join the waiting list like everyone else.

6. I can remember *hear/heard/hearing/to hear* voices in the middle of the night.

7. The police want that *we report/us reporting/us to report we report* anything suspicious.

III VARIANT

I. Прочитайте, перепишіть та перекладіть текст.

MAKING A CORPORATE MARRIAGE WORK

Bringing two companies together is an enormous task. There are grand, big-picture questions that need to be resolved, such as the new group's strategy and direction. There are also administrative, logistical and technical challenges. Will new contracts of employment be required? Where should the headquarters of the combined operation be located? How can the companies information technology systems be integrated?

It takes certain humility to make a merger work.

Work on bringing the partners together should start well before the deal becomes public knowledge. But how can executives start planning integration without the news leaking out? Some use a so-called "clean room", where both sides to a deal can meet and discuss future plans confidentially. Computer manufacturers Hewlet-Packard and Compaq, for example, adopted this approach in their \$ 25 bn merger.

There is often a tendency for companies to relax once the deal is signed, but this is precisely the point at which speed of implementation becomes crucial

HP and Compaq ran a series of "Fast Start" seminars for their staff as soon as the deal was announced, to provide reassurance and a sense of direction seminars that had been planned in advance in the clean room. Offering employees detailed information is essential at the early stage. An internal human resources website set up for HP and Compaq staff received 2 m hits on the day the merger was unveiled.

Managers will inevitably be occupied with practical, administrative changes, such as establishing new terms and conditions and pushing through any redundancies. Yet dealing with the cultural issues in a merger is more subtle and challenging. And when things go wrong in this context they can go wrong very quickly.

Michelle Bligh, a professor at Claremont Graduate University, California, has suggested measures leaders should take to avoid the worst consequences of

mergers. They need to respond as the new situation demands, she says, and must help followers negotiate, modify and even manipulate cultural similarities and differences in the post-merger environment.

Prof. Bligh identifies a few simple ground rules. Managers should recognize cultural differences between the companies, for example, by learning about the history of the new partner. They should give employees reasons why change is necessary, and find practical ways of communicating.

Discussing employees' new working conditions and being visible on the shop floor, for example, may reassure staff that management has an interest in their well-being. One manager in Prof. Bligh's study said: "We have to start with the little things: they really matter to people."

Talk of a revival in merger and acquisitions activity is on the rise. Investment bankers and management consultants are once again seeking out potential deals and making flattering noises as they lead candidates to the altar. But marriages succeed or fail in the years following the wedding.

Vocabulary notes

logistical and technical challenge – проблеми логістики та технічні проблеми;

to adopt the approach – приймати підхід;

internal human resources website – внутрішній сайт людських ресурсів;

to manipulate cultural similarities – маніпулювати культурною схожістю, подібністю;

post-merger environment – середовище після поглинання.

II. Дайте відповідь на такі запитання до тексту:

1. Are there any questions that need to be resolved while bringing companies together?

2. What should the work of bringing the partners together start with?

3. What measures should be taken to avoid the worst consequences of mergers?

4. What ground rules should be identified in the post-merger environment?

III. Випишіть з тексту англійські еквіваленти таких словосполучень:

зливання компаній;
сумісна діяльність;
обговорювати плани приватно;
оприлюднення, розкриття інформації;
швидкість здійснення;
відновлення діяльності щодо зливання та придбання.

IV. Визначте номери абзаців, у яких мова йде:

- 1) про дії компаній HP and Compaq щодо зливання;
- 2) про необхідність визнавати (враховувати) культурну різницю між компаніями.

V. Випишіть з тексту речення, що передають основну думку тексту.

VI. Складіть запитання до наступних стверджень, використовуючи приведені слова і фрази та перекладіть речення.

- When I arrive to the office and when I leave depends on the daily workload.
 1. (Yes/no question)
- More and more people prefer buying online rather than doing their shopping traditionally.
 2. ... or ...?
- The two firms have met several times and are now ready to set up a joint venture.
 3. How many ...?
- Tara Fashions started doing business not so long ago.
 4. When do you think ...?
- Our job is to help the researchers turn their ideas into commercial opportunities.
 5. I'd like to know ...

VII. Закінчіть кожне речення правильною формою, утвореною від виділеного слова та перекладіть його.

PRODUCE

1. The new model should be in ... in three months.
2. The finished ... must leave the factory in perfect condition.
3. I'm afraid our talks with manufacturers have been ...
4. Office work is necessary, but most of it is not directly ...
5. South Carolina is the fourth largest ... of tobacco.

COMPETE

6. They believe that ... in business benefits the consumer.
7. We lost the contract to our ...
8. I always shop at that supermarket; the prices are very ...
9. The model became ... and is now out of production.
10. Several advertising agencies are ... to get the contract.

VIII. Виберіть відповідний сполучник та перекладіть речення.

1. He's an architect (whose/whom/that) designs have won international praise.
2. (Though/Even if/As) you gradually get better at the job, you'll find it becomes easier.
3. (If/Until/Since) she was going to Sweden, Sally thought she should read something about the country.
4. It was a good opportunity to ask Charles (that/if/how) he shared my views.
5. I'm going on a business trip next week, (which/that/what) means I won't be able to see you.

IX. Вставте відповідний прислівник або/та прийменник і перекладіть речення.

1. There's something wrong with the radio. I'm going to take it ... to the shop.
2. Then you should take the last amount ... from the annual figure of earnings.
3. I always take my laptop ... to my business meetings.
4. How do you measure the social costs of taking traffic ... the city centre?
5. Some people wanted to take ... the country's oil importing business.
6. He should have thought twice before he took that job ...
7. The college took ... more students than ever before last year.
8. You'll have to take your complaint ... the manager.

X. Виберіть відповідний конектор із трьох даних для кожного з приведених уривків тексту та перекладіть речення.

1. The job has given me great pleasure and has taken me to places I would not otherwise have visited. (Instead/Likewise/Or rather), I have made marvelous friends and acquaintances.

2. The organization has both limited power and limited funds. (Furthermore/Or better still/In conclusion), it has no right of access to countries outside the treaty.

3. The financing of social services affects everybody. They are, (anyway/that is to say/accordingly), the object of much heated discussion by economists and politicians.

4. The booklet doesn't give any detailed information. (Altogether/As well/Therefore) it isn't necessary.

5. We look forward to the commission studying this agreement. (In the meantime/All in all/For example), we are pressing ahead with our plans.

XI. Перепишіть речення з правильно підібраним варіантом з виділеного та перекладіть.

1. Most head teachers today feel that parents *need/should/had better* play a more active part in the running of schools. There was a time when parents *would/*

will should put a lot of effort into raising money for school projects, but those days seem to have gone.

2. These trousers shrank the first time I washed them. If I were you, I *ought to/ should /can take* them back. Yes, I suppose they *can/need /may give* me my money back.

3. We *waited/waited for* the storm to pass before we continued.

4. When I was in the supermarket I *noticed a man to take/noticed a man* take some food off the shelf and hide it inside his coat.

5. I overheard *her tell/telling* Jack that she was seriously ill.

6. We weren't sure *should knock/to knock/whether knock/whether to knock* or just walk in.

7. It was too cold *the guests eating/for the guests to eat/that the guests should eat/that the guests eat* outside.

IV VARIANT

I. Прочитайте, перепишіть та перекладіть текст.

NEW WORKING MODEL

As we embark on this new investigation of the future of work, there are several lessons we can draw by looking back. First, time and our own adaptability may solve some of our deepest problems. There are still developed countries worried about large-scale unemployment, France and Germany among them. But their problems are now widely seen as the result of excessive labour market regulation. Far from telling employees to enjoy more leisure, French and German companies are trying to find ways to ensure their staff work more hours. And in the UK, employers and policy-makers now worry about a shortage of workers, not of work.

Second, the countries that seem poised to assume world economic leadership – Japan in the past; India and, especially, China now – may face obstacles that are barely visible today. And third, there is nothing new about our sense that we are at a turning point. People have often felt that work was changing in ways they had not seen before. Is it different this time? Is the way we work really changing fundamentally?

In one sense, yes, simply because the countries that are playing a fuller part in the world economy, particularly China and India, have such large populations. “We simply have not comprehended yet the full impact of 2.5bn people coming into the world economy who were not part of it before,” says Kim Clark, dean of Harvard Business School.

The second change is the technology affecting work today. The internet and broadband connections have made it far easier for companies to distribute their work around the world and to remain open 24 hours a day, seven days a week.

The trend towards both outsourcing and offshoring has offered India and China huge opportunities to develop their people’s skills. They have also provided companies around the world with enticements that are difficult to resist. Diana Farrell, director of the McKinsey Global Institute, the consultancy’s in-house economic think-tank, says that 70 per cent of the costs of a typical

company in the developed world come from labour and 30 per cent from capital. Capital is expensive and labour is cheap in countries such as India and China. Companies that benefit from the cost savings involved in employing Indian or Chinese labour are at a significant advantage.

The problem is, Ms Farrell says, that competitor companies can achieve the same benefits by moving some of their operations to India or China too. Competitive advantage can only be retained if companies understand that there is more to be gained from India or China than cost cutting. The two countries are potentially huge markets too. Lower vehicle development costs in India, for example, mean cheap cars that can be produced for the local market. New niche markets can be found for these products in developed countries too.

Japan and Western Europe are ageing societies. Even the US, still a relatively young country by comparison, will have 5 per cent fewer people of working age by 2015 than it does today. Faced with these projections, western societies can either export the jobs or import the workers.

Vocabulary notes

to embark to the investigation – починати дослідження;

to draw a lesson – отримати уроки;

to face obstacles – зіткнутися з перешкодою;

outsourcing and offshoring – кооперація та офшоринг (практика виводу компанії за кордон);

to provide enticements – надавати спокусу, привабливість;

the consultancy's in-house economic think-tank – внутрішня комісія експертів економіки.

II. Дайте відповідь на такі запитання до тексту:

1. What do the governments of the developed countries worry about?
2. Why is the way we work fundamentally changing?
3. Could you explain the main reasons of employing Indian and Chinese labour.
4. Are there any other advantages of moving some of the operations to India or China?

III. Випишіть з тексту англійські еквіваленти таких словосполучень:

пристосовність;
масове безробіття;
надмірне регулювання ринку праці;
зниження собівартості;
конкурентна перевага;
ринок специфічних товарів.

IV. Визначте номери абзаців, у яких мова йде:

- 1) про складові собівартості;
- 2) про переваги перенесення виробництва до Індії та Китаю.

V. Випишіть з тексту речення, що передають основну думку тексту.

VI. Складіть запитання до наступних стверджень, використовуючи приведені слова і фрази та перекладіть речення.

- I usually got to work before my boss arrived.
1. (Yes/no question)
- You have arranged a meeting to discuss the problem.
2. I hear ... (add a question tag)?
- These retailers sell products of both Tara Fashions and Modern Styles.
3. Whose ...?
- Top managers are fully responsible for planning their company's strategy.
4. Who ...?
- A great idea could allow a company to enter a market which was closed to it before.
5. I wonder

VII. Закінчіть кожне речення правильною формою, утвореною від виділеного слова та перекладіть його.

MANAGE

1. Since the ... changed, our profits have risen sharply.
2. The ... Director sent a letter to every member of staff.
3. The company has been owned and ... by the same family for over 100 years.
4. I don't think he has adequate ... skills.
5. It makes sense to break the task up into ... steps.

EXPENSE

6. It's ... to send goods by air but they are needed urgently.
7. They offered her £ 15,000 plus ...
8. Unfortunately, ... on the project was much more than expected.
9. Manufacturers have ... a lot of time and effort trying to improve technology.
10. Your colleague is always ... dressed.

VIII. Виберіть відповідний сполучник та перекладіть речення.

1. We need to learn from companies (which/that/whose) trade is more successful than our own.
2. We were delayed (because/in case/though) there was an accident.
3. (Until/Even though/When) Tom doesn't speak Spanish, we think he should visit Madrid.
4. They couldn't decide (that/how/if) it was worth re-sitting the exams.
5. Professor Johnson, (whom/that/which) I have long admired, is to visit the university next week.

IX. Вставте відповідний прислівник або/та прийменник і перекладіть речення.

1. You should look ... and project existing trends ten years forward.
2. I've looked ... your report and I think it's very good.

3. Will you look ... my clients while I'm away?
4. They are now looking ... new markets for their products.
5. I didn't look... my meeting with the manager.
6. They wanted an independent financial controller to look ... the company's accounts.
7. Things started to look ... for me after I got a job.
8. She tends to look ... people who haven't been to college.

X. Виберіть відповідний конектор із трьох даних для кожного з приведених уривків тексту та перекладіть речення.

1. Banks are run by people, and people make mistakes. (Additionally/First of all/In conclusion), like all industries, banks have their share of dishonest workers.

2. I travel the globe six months of every year. (In the first place/To cap it all /Because of this) I believe that I know more about the airline business than any of my competitors.

3. The government will manage the company until it can be sold. (In the meantime/Then again/ In contrast), its 28 offices will remain open.

4. The company is now considering an appeal. (Conversely/Alternatively/ Previously), they may submit a new application.

5. Oxford and Cambridge have a large income of their own. (All the same/Thus/For one thing) they are not in quite the same position as other universities.

XI. Перепишіть речення з правильно підібраним варіантом з виділеного та перекладіть.

1. Preliminary research suggest that the bones *must/have got to/used to* be at least 100,000 years old, but they would/could/ can be considerably older than that.

2. Apparently, in the future, airline passengers *will be able to/can/could* send and receive email messages without moving from their seats. Of course, by

the time this is common, we *can/must/might* have started using even more efficient ways of communicating.

3. She gave up work so that she could focus *on looking/look* after her children.

4. The lizard is amazingly well adapted *to live/to living* in very dry and windy conditions.

5. An increase in the price of petrol would discourage *me from using/from using my* car.

6. Did you congratulate Tessa *of passing/on passing/passing/to pass* her exams?

7. I didn't like it in the city at first. But now I *got used to living/I'm used to living/ I used to live/I used to living* here.

V VARIANT

I. Прочитайте, перепишіть та перекладіть текст.

INTERNET SHOPPING – THE SEQUEL

Pets.com; Webvan; Boo.com. The road to the online retailing future is littered with the wrecks of Internet start-ups once seen as the pioneers of a retailing revolution.

The shape of e-tail, however, is very different from what was predicted a few years ago. Apart from Amazon and eBay – the web's biggest forum for buying and selling, though it is an auction house, not a retailer – most of the biggest online retailers are not Internet start-ups but traditional shop or mail-order groups. Retailers have brought their investment capacity and trusted brand names to bear on Internet shopping – thus boosting public confidence. Many have integrated online sales into a “multichannel” strategy that may link a website, shops and a mail-order catalogue.

“There was a time when everybody said the Internet was going to steal purchases from shops. But the opposite is happening: multichannel retailing is the reality today,” says Darrell Rigby, head of the global retail practice at Bain & Co, the management consultants. “Many classic bricks-and-mortar retailers actually started making money on their online operations long before Amazon did.”

A prime example of the fusion of the online and so-called “offline” retail worlds is Amazon itself. The company has expanded well beyond its roots as a seller of books and CDs, acting as an online mall selling everything from gourmet foods to clothing. Evolving from pure retailer to “retail platform”, it now conducts its online commerce in partnership with bricks-and-mortar retailers such as Target, Nordstrom, Borders and Circuit City.

That blending of online and offline is offering consumers new ways to shop. They may research and order their purchase online, but have it delivered to a nearby shop – a service offered by retailers such as Sears Roebuck and Circuit City – so as to avoid delivery charges and allow them to see or try it on first.

Some of the biggest US retailers are developing integrated operations. JC Penney, the century-old department store chain, saw its Internet sales reach

\$ 600 m last year. It offers 200,000 items that can be delivered to customers homes or any of its 1,020 shops.

Steve Riordan, a consultant at AT Kearney, says traditional retailers that have not yet embraced the online world face heavy investment and some tough choices. Are they going to run online operations themselves or outsource them? Do they use the same sourcing model from the same factories? Do they have different distribution centres?

Federico Marchetti, the Italian former investment banker who is Yoox's founder and chief executive, says that anyone selling online does not just have to get the technology and orders right. They also have to provide fun and entertainment. "The online retailer always has to be doing something interesting and different."

Vocabulary notes

- wrecks of Internet start-ups – решта початківців роботи в Інтернеті;
- brick-and-mortar retailer – роздрібний торговець у звичайному магазині;
- to boost public confidence – сприяти зростанню популярності у покупців;
- to avoid delivery charges – уникати платні за замовлення;
- integrated operations – сумісна діяльність;
- to outsource online operations – залучати підрядників до операцій в Інтернеті.

II. Дайте відповідь на такі запитання до тексту:

1. What's the difference between a brick-and-mortar and an online retailer? Can you give an example of each?
2. What do you know about these companies: Amazon, eBay, Sears Roebuck?
3. What does "multichannel" strategy mean?
4. What alternatives do traditional retailers consider when they enter the online world?

III. Випишіть з тексту англійські еквіваленти таких словосполучень:

місткість інвестування;
сумісні продажі в Інтернеті;
змішувати роботу в Інтернеті та звичайну торгівлю;
найстаріша мережа універмагів;
моделювання підбору підрядників.

IV. Визначте номери абзаців, у яких мова йде:

- 1) про те, що компанія Амазон була не першою, що розпочала продаж продукції через Інтернет;
- 2) про те, що для того, щоб стати успішною Інтернет-компанією, потрібно робити щось надзвичайне, приваблююче.

V. Випишіть з тексту речення, що передають основну думку тексту.

VI. Складіть запитання до наступних стверджень, використовуючи приведені слова і фрази та перекладіть речення.

- As soon as I arrived, I checked my e-mail and post.
 1. (Yes/no question)
- They are hoping to expend in China.
 2. I hear ... (add a question tag)?
- Both routes, subsidiaries and distributors, are used to build a strong dealer network.
 3. Which ...?
- Entertaining has become a very important part of Customer Relationship Management Programme.
 4. Why ...?
- The main aim of the meeting is to decide the date of the product launch.
 5. Can you tell me ...?

VII. Закінчіть кожне речення правильною формою, утвореною від виділеного слова та перекладіть речення.

EMPLOY

1. In an area of high ... it is hard for people to find jobs.
2. Every ... of the firm is entitled to a 10% discount.
3. Her ... gets very angry if she uses the phone too much.
4. I'm looking for temporary ... during the summer holidays.
5. Now the factory ... over 2000 people.

PROFIT

6. Any product line which proved ... was immediately discontinued.
7. Couldn't some workers be more ... employed in other departments?
8. Doubt has been expressed as to the ... of the business.
9. They have made a huge ... on the deal.
10. The advertising campaign proved very ...

VIII. Виберіть відповідний сполучник та перекладіть речення.

1. Dr Rowan, (that/whose/which) secretary resigned two weeks ago, has to do all his typing himself.
2. We must begin planning now, (when/while/as) the future may bring unexpected changes.
3. It was three days (when/until/since) the letter arrived.
4. (Since/In case/Though) the building was huge, it wasn't vast enough to hold the library.
5. Prof. Robson isn't coming to our next week's seminar, (which/that/what) is rather unexpected.

IX. Вставте відповідний прислівник або/та прийменник і перекладіть речення.

1. It was a pity to turn ... their invitation to the sales conference.
2. I haven't got a job at the moment, but I'm sure that something will turn ...
3. There will be no turning ... once you sign the agreement.
4. The company turned ... nearly \$ 150,000 last month.
5. We need to stop this problem from turning ... a crisis.
6. The computer will turn itself ... if you leave it for some time.
7. He had to turn ... some of his duties to his assistant.
8. His job is to turn the company ...

X. Виберіть відповідний конектор із трьох даних для кожного з приведених уривків тексту та перекладіть речення.

1. "I will be back by noon," the boss said. "(As a result/ In addition/In the meanwhile) I want you to type these letters."

2. 500,000 tourists visit the region annually. (Nevertheless/On the contrary/As a consequence), tourist traffic must be regulated and subjected to very tight restrictions.

3. Either he knows his job and can answer to our questions. Or else he doesn't know his job, (in which case/in the same way/in other words), he probably shouldn't be here.

4. Kuwait's oil will last for more than 200 years at current production levels. (Moreover/Finally/Consequently), new reserves continue to be discovered.

5. Firms can contract out work to one another. (However/Thus/Anyway) they acquire specialized service none of them could possess alone.

XI. Перепишіть речення з правильно підібраним варіантом з виділеного та перекладіть.

1. Both candidates for the job were very strong and it was hard to choose between them. I certainly *couldn't/mustn't/had got to have* decided which one to appoint. But fortunately we *hadn't got to/didn't have to/mustn't* take a final decision; the management found enough money to allow us to appoint both of them.

2. You *needn't/don't need to/ mustn't* be very fit to play badminton well. It *can/is able to/could* be played by anyone who is reasonably fit and who has a good sense of timing.

3. The government plans to bring in new laws *forcing/making* parents to take more responsibility for the education of their children.

4. I don't approve of *her smoking/smoking*.

5. After *retiring/retired/ retire/to retire*, he continued to be a referee.

6. They raised the money simply *asking/by asking/of asking/with asking for* it. It was easy.

7. As we walked past, we saw Nigel *in washing/to wash/wash/washing* his car.

ТЕКСТИ ДЛЯ ДОДАТКОВОГО ЧИТАННЯ

WHERE TO GO FOR AN IPO

Politicians fret about where firms decide to make their initial public offering (IPO). Whether a firm lists at home or abroad (or if it lists at all) can say much about a country's business environment. At the beginning of this century New York and London were competing for listings on their respective exchanges. But the passage of Sarbanes-Oxley legislation seemingly dissuaded American companies from going public. Now a new working paper from the National Bureau of Economic Research has examined trends in IPO activity from 89 countries. It describes how firms react to their home countries weak institutions by listing abroad.

Three business school professors looked at nearly 30,000 IPOs between 1990 and 2007 (mostly avoiding the current recession). They found that America's share of IPO proceeds fell from 30 % in the 1990 s to only 21 % between 2000 and 2007. The share of money raised by British and Japanese IPOs also fell, while China's rose; in 2006 and 2007. Chinese firms actually raised more money via IPOs than American ones did.

To some degree the difference is due to American IPO values peaking during the tech bubble in the late 1990 s. But the main reason is a broadening of the IPO market. Over the study period came an uptick in activity among "global" IPOs – where firms lists twice, once domestically and once in a foreign market. (It is much rarer for firms to list only in a foreign market.) In such cases, the authors found, far more money was raised from the international listing than the home one – 90 % more in 2007. For firms that could, it made sense to go outside the home market.

The authors also measured the strength of home country institutions, such as protections for minority investors and shareholders, disclosure requirements and regulations against self-dealing. They found a positive correlation between home financial institution strength and domestic IPO activity.

Unsurprisingly, firms from countries with weak institutions preferred to list in a foreign exchange and, in Mr. Dodge's words, "borrow" the exchange's domestic regulation. A Chinese firm, for example, might gain credibility from

listing in New York and subjecting itself to American disclosure laws (and availing itself of American accounting firms). Firms already in the US, with less to gain from going abroad, are more likely to rely only on a domestic IPO.

As the costs of going global fall it is easier for firms from countries with weak institutions to go public. And so, in turn, the quality of those institutions becomes less important. That is good news for the firms looking for new opportunities, but perhaps less welcome for officials hoping to generate more domestic exchange activity. Reforming institutions is not easy. But it might make more of a difference to IPO decisions than previously thought. Mr. Dodge cites Brazil's Bovespa. In 2000 it introduced three different levels, with steadily increasing governance requirements, to allow companies to choose how they wanted to list. It has been thriving.

BANKING IS A LOT SAFER THAN IT WAS. SADLY MORE STILL NEEDS TO BE DONE

The financial crisis was fought at the weekends. In sweat-stained shirts, fuelled by stale coffee and cold pizza, harried officials worked the phones and held emergency meetings with other bankers to discuss whether to save this bank or to let that one sink – all before markets opened on Monday. The Sunday scrambling reflected the fact that officials had too many fires to put out and too few good options to choose from.

Before the crisis, regulators hoped that the discipline of markets would ensure banks were sensible in the risks they took. That proved to be a vain hope, in part because markets are prone to exuberance and in part because many banks had become so large that they could not be allowed to fail – and they knew it. The emphasis now is on drawing up a new rule book for finance. In America, the world's biggest financial market, the Dodd-Frank act is reversing decades of deregulation. In Britain officials are pondering plans for banks to erect firewalls between the different parts of their businesses. All banks will be required to hold a lot more capital to protect them against unexpected losses. New rules on funding and liquidity will force them to keep more liquid assets that can be easily sold should they need to raise funds urgently. These measures are making banking safer than it was. But the job is still far from complete.

To make banking safer, regulators need to marry two seemingly contradictory aims. The first is to make it less likely that banks will fail in the next crisis. The second is to make it less painful for taxpayers when they do fail. On the first, the biggest gains come from raising liquidity and capital standards – and here there has been plenty of progress. The new Basel 3 Rules will have the effect of doubling the amount of core equity that a typical big bank holds as a proportion of its assets. The standards come into full force only in 2019 but the market is making banks plump up their capital cushions far sooner. Had Basel 3 been in force before the crisis most big banks would have been sufficiently stocked up on capital.

Most, but not all. Only a handful of big firms, out of a couple of hundred worldwide, suffered net losses that the new Basel standards would have been unable to deal with. Forcing all banks to hold enough equity to ensure that even the worst outliers – think Irish banks – are safe is an option from the ivory tower. The amounts needed would harm banks' capacity to lend, fail to discriminate between well-run outfits and badly run ones, and encourage risks to migrate out of the regulated banks to the shadow-banking system (another area that still needs lots of work). Regulation, even in a business as dangerous as banking, should be restrained and targeted.

A LITTLE LAYER CAKE IN BASEL

A bit more equity is sensible for banks that are interconnected and large enough to cause serious economic damage if they collapse. The simplest way of doing this would be to insist on a chunky capital surcharge for systemically important banks. The Basel committee should look at the debate under way in Britain, where an independent commission has proposed an additional equity buffer of 3 % for big retail banks.

The other thing that regulators need to do is soften the blow when banks do get into trouble. Most countries are putting in place resolution regimes that allow regulators to shut down smaller banks. But letting a big retail bank close its doors completely is still unthinkable. The real task is finding a way to impose losses on banks' owners and creditors rather than making calls on taxpayers.

Tools are being developed in the form of convertible-capital instruments and bail-in debt, whereby creditors of struggling banks are turned into shareholders if losses rise high enough. Swiss regulators, for example, want their biggest banks to hold the equivalent of 9 % of their risk-weighted assets in convertible capital. The advantage of these instruments is that losses fall where they ought, on those who funded the banks, and that they provide a ready-made pool of capital that is cheaper than equity and large enough to recapitalize all but the most extreme failures. Questions swirl around these new instruments. Is there enough demand for them? Will they stop the problem of creditors running for the hills at the first sign of trouble? But a thick buffer of equity and convertible debt is the best way to make crisis-filled weekends less terrifying.

THE SHOCKING TRUTH CAN AT LAST BE REVEALED

Thanks to closed doors and fierce gatekeepers, bosses are tricky to observe in their natural habitat. Yet it might be useful to know what they do all day, and whether any of it benefits shareholders. A new Harvard Business School working paper sheds some light.

Researchers asked the chief executives of 94 Italian firms to have their assistants record their activities for a week. You may take this with a grain of salt. Is the boss's assistant a neutral observer? If the boss spends his lunch hour boozing, or in a motel with his assistant, will she record this truthfully? Nonetheless, here are the results.

The average Italian boss works for 48 hours a week and spends 60 % of that time in meetings. The most diligent ones put in another 20 hours. And the longer they work, the better the company does.

Less diligent chief executives are more likely to have one-to-one meetings with people from outside the company. The authors speculate that such people are trying to raise their own profile, perhaps to secure a better job. Bosses who work longer hours, by contrast, spend more of them meeting their own employees.

Bosses often complain that they get bogged down in day-to-day operations, says Rajesh Chandy, a professor at the London Business School. Regulations that make them legally responsible for their underlings wrongdoings are partly to blame. The prospect of jail is a powerful attention-grabber. Many bosses also feel

they must dash around the world pitching to clients. Jim Hagemann Snabe, co-chief executive of SAP, a software firm, reckons that he met over 200 last year. Mr. Chandy thinks bosses should spend less time with clients and more time thinking about the future.

How much time they spend thinking about anything is hard to measure. But in an experiment, Mr. Chandy measured how often bosses use forward-looking words like “will” and “shall” in their public statements. He concluded that bosses spend only 3 – 4 % of their day thinking about long-term strategy.

Brian Sullivan, the chief executive of CT Partners, a headhunting firm, says the most difficult part of his job is saying “no” to people who want a piece of his time. “If it was up to our partners I would be at every pitch,” he says. Mr. Sullivan says the only time he gets for blue-sky thinking is when he is in the sky. “Chief executives will rue the day when BlackBerrys work on planes,” he predicts.

Bill Gates took regular “think weeks”, when he would sit alone in a cabin for 18 hours a day reading and contemplating. This, it is said, led to such strategic masterstrokes as “the internet tidal wave memo” in 1995, which shifted Microsoft’s focus (some say belatedly) to the web. But not every boss thinks he needs more time for thinking. “You can hire McKinsey to do that for you,” says one.

“WHAT DO CFOS DO?”

In January, the port of Los Angeles received more than 330,000 TEUs (twenty-foot equivalent units, the standard measuring unit for shipping containers). The possibility that one of those 330,000 containers could have contained a dirty bomb, or worse, keeps security experts up at night. Legislation passed in 2007 requires that every single container entering the United States must be scanned for a potential weapon.

Currently the Customs Bureau receives information on containers shipping manifests, which must be transmitted at least 24 hours before departure. If the manifest looks suspicious, the container in question must be taken out of the queue, inspected, and returned to its place. This process can be cumbersome. Stephen Flynn, a Coast Guard veteran and president of the Centre for National Policy, a security-focused Washington think-tank, points out that the largest ships begin loading containers 18 hours before departure, making it difficult to find the

potential offender. Try to handle more than the small fraction of containers which currently get scanned and the whole inspection line becomes, in Mr. Flynn's words, "constipated."

Just how constipated becomes apparent in modelling done by Nitin Bakshi of London Business School and Noah Gans of Pennsylvania's Wharton School of Business, who co-authored a recent Management Science paper with Mr. Flynn on the question of port security. Using two months data from two large international container terminals, Mr. Bakshi and Mr. Gans created a simulation to gauge what delays would result if the Customs Bureau began requiring that all inbound containers be evaluated. Inspecting only 7 % of containers, they found, would mean delays for nearly every single container.

How, then, can the Customs Bureau meet the legal mandate of scanning every container without perpetually snarling ports? Messrs. Bakshi, Gans, and Flynn propose an alternative approach. Instead of singling out only those containers whose documentation raises questions, terminal operators would X-ray every container, regardless of its eventual destination. Only those containers flagged during the low-level scan would be subjected to a more thorough search. Think of it as everyone who will be boarding a plane having to go through security, as opposed to a select few being asked to leave their seats and answer questions as the plane was about to depart.

The authors call their approach "industry-centric," since the terminal operators would play a greater role in the scanning (and bear the corresponding cost). It has several advantages: the entire "dwell time" of a container at the port, not just the last 24 hours, can be used to evaluate its safety. More to the point, subjected to the same simulations as the current inspection process, the industry-centric approach handled all the modeled container traffic with far fewer problems.

The authors intended their paper for two audiences. One is the general shipping and logistics firms. The other is policymakers, who might have given up hope of the possibility of achieving full port scanning. But for them the paper leaves important questions unanswered. How would other countries react to their inbound containers being scanned in an American initiative? For that matter, how would the prospect of scanners in Hong Kong being responsible for scanning

goods bound for Los Angeles play politically? Who would control the data resulting from millions of container scans?

This may be why, as Mr. Flynn suggests, some political courage would be necessary to change current container security procedures. At least the courageous policymaker will have some research to wave at opponents.

THE OFFSET OPTION

Extra leg room, travel insurance, space in the hold for a suitcase: all of these are available to the airline passenger seeking to mitigate the anxieties of travel, for an extra fee in most cases.

What about carbon offsets? Some carriers offer them, including Virgin and Continental, which ranked first and second respectively in Greenopia's recent rankings of "greenest airlines". But it's not common practice; with Continental you have to dig around the website for the option, and even for Virgin, that four – leaf ranking has much to do with the relative newness of the fleet, and its corresponding efficiency.

Carbon offsets would not be huge moneymakers for the airlines, and it's not clear that they would be much of a draw for travelers either. "Commercial flight, to my mind, is such an environment that it's tough to get my head around the fact that choosing one airline over the next makes a difference," writes Jeff Nieldat Treehugger. That's a popular view among environmentally minded travelers. Two years ago, for example, Responsible Travel, an adventure tourism company, announced that it was cutting its offsetting option on the grounds that offsets give people an incentive to be cavalier about their consumption.

Still, it would seem that if consumers want carbon offsets at all, they will want them at the same time as their tickets. If you want to buy offsets via TerraPass, for example, you have to make a separate task of it, and estimate your consumption. The transaction costs would be lower if you could add the offset with the click of a button and eliminate the guesswork. And if part of the point of offsetting is to send a message – that as a consumer, you're willing to pay to mitigate your environmental impacts – offsets from airlines are a direct way to do that.

I recently raised the question with Bob Jordan, the vice-president for strategy and planning at Southwest Airlines, and now the president of AirTran Airways following its acquisition by Southwest. The offset option would seem to be a natural fit for Southwest, which has heavily promoted its decision not to charge for bag fees, but does offer a variety of add-ons, like early check-in and pet transportation. Mr. Jordan said the carrier had considered offering carbon offsets, but concluded that they were kind of gimmicky; at the European carriers, for example, offset options simply don't get that many takers. Southwest had decided to adopt other environmental measures instead. For example, it outfitted its whole fleet with rounded winglets. These are expensive, but improve aerodynamics so as to reduce fuel consumption by 3 – 4% – no bad thing when airlines have been hammered lately by high fuel costs. (Southwest was one of the few to post a profit in the first quarter, albeit a wafer-thin \$ 5 million on \$ 3.1 billion in revenue.) Another example of one of the truths about environmentalism: motives may be worthy, but you see the biggest efforts to reduce emissions when the markets make the case for it.

Incidentally, the question of ancillary revenues is an interesting one. A new study from the Amadeus IT Group finds that airlines brought in \$ 22 billion from add-on fees last year, up nearly 40 % from 2009. Southwest has done well on ancillary revenue too, even though it doesn't charge bag fees or change fees, two of the biggest moneymakers. That may seem to be at odds with the airline's expressed philosophy. ("We're not about getting you a poor experience on the airplane, or nickel and diming you for everything," said Mr. Jordan.) But perhaps Southwest's options strike passengers as genuinely optional early check-in, for example, or WiFi on some flights. Those fees don't annoy passengers in the way that charging them for a soda does.

PRIVATE INVESTORS CAN MAKE AIRPORTS BIGGER, BUT NOT BIG ENOUGH

With their crowds, delays and "retail opportunities", airports impart feelings that range from irritation to despair. The experience is likely to get worse. Over the next 20 years the number of jets circling the planet is set to double, but

investment in airports probably won't. In Europe twice as many passengers are expected to squeeze through 41 % more capacity.

One reason why airports are grim is that many are state-owned. Of the world's 30 busiest ones, 19 are state-owned and most of the rest are public-private partnerships. In the past they were "administered rather than managed" to serve state-owned airlines, says Andreas Schimm of Airports Council International (ACI), an umbrella body. Governments now try to run airports on commercial lines, but few do it well. Privatization could help.

Incheon and Cheongju airports in South Korea are likely to seek private investors soon. So are Munich, Moscow's two smaller airports, France's regional airports and a host of others. Even in America, where complicated federal rules discourage either selling or buying airports, a scheme to privatize Chicago Midway and four other airports is picking up speed again. In Brazil, however, an effort to woo private cash to spruce up shabby airports before the football World Cup is stalling.

An airport ought to be a sound investment. BAA, which runs Britain's biggest airports, has coined it. Eyebrows were raised when Macquarie, an Australian bank, bought Sydney airport in 2002. But it quickly boosted revenues and profits. The "release value" of taking public assets private can be enormous, says Peter Morris of Ascend, a consultancy.

Investors could now be more wary, however. Empty public coffers might encourage governments to demand too high a price. The liberalization of air travel has increased competition between big hubs, especially in Europe and the Gulf. And the soaring growth of low-cost airlines has added to the pressure. Budget carriers are far more flexible and ruthless than their full-fare competitors. If business sags or landing fees rise, they will drop an airport as surely as a baggage-handler will drop a bag marked "fragile".

Privatization can improve efficiency and service quality. But passengers may face other torments. Airports earn just 18 % of their revenues from airlines, according to ACI. The rest comes from passenger fees, parking charges, rent from retailers and so on. Rather than squeezing airlines, which can fly away, it is more tempting to go after passengers, who are hemmed in by metal detectors and armed police.

Airlines grouch that landing fees always raise at privatized airports. Giovanni Bisignani, the boss of IATA, a group that represents airlines, argues that the best airports are those with good managers and tough regulators, and that

ownership matters less. But regulations will surely have to weaken to attract private money.

By some estimates \$ 1 trillion of new investment will be needed over the next two decades to match airport capacity to flight plans. Yet there are barely a dozen airport groups that might be tempted to bid for the terminals and runways on the block. They are unlikely to raise enough cash to keep pace with the rising volume of passengers. The queues will only grow longer.

INDIAN IT FIRMS

Even two decades after the Indian technology miracle began it is hard not to be impressed by the scale of the achievement, particularly considering the obstacles. The roads in Bangalore, the city at the heart of the revolution, still suck. Power cuts still periodically kill the lights and air conditioning on the campuses of the big IT firms, until back-up generators come to the rescue. This is a world-class industry built from nothing, that won most of its business abroad, while overcoming India's lousy infrastructure and inept, and sometimes venal, state.

Indian IT has made shareholders and employees rich and now boosts the country's balance of payments by \$ 59 billion a year. Yet its impact goes far beyond the numbers. The big firms were among the first to win blue-chip American and European clients and to adopt blue-chip governance and accounting norms themselves. This won acclaim from foreign investors. The industry "changed perceptions of India as a third world country," says S. Gopalakrishnan, the chief executive of Infosys who heads upstairs to become co-chairman in August. On the other side of town, Suresh Senapaty, the chief financial officer of Wipro, says the industry "created a global brand for India" that helped firms in other sectors to compete abroad.

Yet there is a slight whiff of a mid-life crisis. So far this year both Infosys and Wipro, two of India's "big three" IT firms, have given guidance for profits that has disappointed analysts. Both are restructuring their operations and have had turbulence at the top. Infosys muddled the transfer of power among its founders. Wipro, a firm still controlled by its long-time leader, whose villa can be spotted through a forest glade next to its headquarters, lost its joint-chief executives. Only the largest, Mumbai-based TCS, is firing on all cylinders.

In the grand scheme of things these companies' performance is still strong, with sales growth and margins which are, by global standards, impressive. Although many Western multinationals initially slashed their budgets in response to the financial crisis, they quickly performed a U-turn and increased spending, as they redoubled their efforts to redesign and outsource key parts of their businesses. Still, there is a growing drumbeat among the IT providers about the need to create "non-linearity". Translated into English, this means severing the umbilical link between sales growth and employee growth. Indian IT companies are desperate to escape their tag as "body shops" whose main competitive advantage is low labour costs.

That advantage is still formidable. The cost arbitrage available by employing Indian engineers rather than Western ones is still at least 50 %. The strategic worry probably reflects three things, though. First, large Western rivals have come a long way in replicating some of the advantages of Indian firms. Wipro's Mr. Senapaty says that for many years they dismissed the Indian model as a temporary phenomenon boosted by the dotcom bubble and the Y2K scare: "It was only in 2003 and 2004 that they realized the Indian model would survive." Now firms such as IBM and Accenture have vast employee bases in India too, and although they still struggle to grow as consistently or as profitably as Indian firms, they can compete better.

Second, there are long-term worries about the supply of cheap labour. Wages for employees in India are rising at over 10 % this year, and as the economy develops there will be more competition for talent from other industries. The solution is to improve the supply, and the quality, of graduates – only about a quarter of job applicants are typically considered employable – but that will take time and patience.

Third, there are echoes of a political backlash, particularly in America, over the granting of work permits to Indian engineers and of outsourcing jobs more generally. One state, Ohio, has banned the use of public funds for services that are provided offshore. Mr. Gopalakrishnan looks pained when discussing this. His view is that the industry has created new jobs not stolen old ones. Still, he admits, that "recently the disparity in growth rates and in job creation have created renewed focus on domestic job generation" in rich countries.

What might the next stage of the industry look like? Most firms want to build their presence in emerging markets. Today they usually serve the local operations of multinationals. Tomorrow, with luck and effort, they may win the business of big companies based in countries such as Brazil and China. With existing Western customers, however, the urge of all three of the big Indian IT firms is to embed themselves deeper in the client – providing not just a laundry list of specific services at a low cost, but becoming a more integral part of how they run their business.

This has its own risks – a rising portion of Indian IT firms’ revenues come from fixed price, long-term contracts, for which they must estimate their outlays over years and attempt to deliver on budget. In many other industries, from catering to infrastructure, such contracts mean taking more risk, and accepting higher upfront investments in return for the promise of an influx of cash at the end of the contract. Mr. Senapaty’s response is measured. He says that the hope is that after many years of doing business with its clients, Wipro knows its stuff well enough to understand how its costs will pan out. All the same, it has beefed up its risk management as the nature of pricing has changed.

Alongside expanding geographically and deepening client relationships, all three firms are also exploring the outer reaches of technology and how society will use it. From the impact of cloud computing and mobile services to clients’ desire to make their businesses more environmentally sustainable, projects are afoot to anticipate the future. Coming from most companies such speculations would be dismissed as guff. But in time India’s IT firms will surely invent new products and markets. After all, they are past masters of taking something that only exists in their imaginations and turning it into a multi-billion dollar reality.

SHIFTING THE CENTRE OF GRAVITY

The same message can be heard from management gurus. Peter Williamson, of the Judge Business School at the University of Cambridge, regards emerging markets as repositories of “value-for-money strategies for recessionary times”. John Hagel and John Seely Brown have even predicted “blowback” from emerging-world innovations: the Western companies that

exported capitalism to developing countries in the first place may soon find themselves humbled by more innovative companies from that part of the world.

Frugal innovation is already beginning to make itself felt in the West, particularly in health care. GE's cheap ultrasound device, originally developed for the Chinese market, has become the basis of a global business, with eager customers in the developed as well as the developing world. This year 6m Americans are expected to travel to developing countries such as India in search of affordable health care, up from 750,000 in 2007. At the same time Dr. Shetty is building a 2,000-bed hospital in the Cayman Islands, a short flight from Miami, where he will offer surgery at half the price charged by American hospitals.

But the trend is apparent in consumer goods too. Haier has become the market leader in the West for cheap fridges. Most Western carmakers are producing small, inexpensive vehicles that have been influenced by the Nano. Mahindra & Mahindra's nifty little tractors are popular with hobby farmers and gardeners in America.

Westerners have long been less enthusiastic about globalization than people in emerging markets. According to the 2009 Pew Global Attitudes Project, only 65 % of Americans think that external trade and business ties are good for their country, compared with more than 90 % of Indians and Chinese. Hostility to globalization in the developed world is likely to grow as emerging giants disrupt one product market after another. Yet such disruption will bring benefits as well as problems for rich countries. Re-engineered medical devices could slash health-care costs without reducing the quality of care. Compact cars will allow people to keep driving but cause less damage to the environment.

The developed world still has some powerful weapons in its arsenal. The average Western company is much better managed than the average emerging-world company for every Infosys and Haier there are plenty of poorly managed and uncompetitive firms in developing countries. America in particular is remarkably good at encouraging entrepreneurial start-ups and allowing them to grow. Michael Gibbert, of Italy's Bocconi University, notes that the West also has a long tradition of inventiveness in hard times, demonstrated during the Second World War. Mr. Williamson points out that Western companies such as Wal-Mart are already making a success of value-for-money strategies. And some of the

most articulate promoters of reverse engineering and frugal innovation from emerging countries run Western companies or teach in Western business schools.

Even so, the new management paradigm now taking shape in the emerging world has big implications for the global balance of power. The world's creative energy is shifting to the developing countries, which are becoming innovators in their own right rather than just talented imitators. A growing number of the world's business innovations will in future come not from "the West" but "the rest".

Anand Mahindra, vice-chairman of the eponymous family firm, says that these days when Indians go to bed at night their dreams about their country's future "are not just colourful but steroidal". His compatriots are at last beginning to believe that "the sandcastles we build in our minds are not going to be simply washed away by the morning tide." The same is true across the emerging world, whose "sandcastles" are now being built on the solid foundations of business innovation. They will endure, changing not just emerging markets but the rest of the world as well.

PERKING UP

America's recovery has not been an easy one for workers. For months, the economy expanded without doing much at all to create jobs and bring down unemployment. And recently, the economy has shown signs of faltering yet again, raising the possibility that in 2011 recovery would once more fail to bring meaningful gains to workers.

The Bureau of Labour Statistics has given American workers a big reason to hope, however. This morning, the BLS released payroll employment numbers that show a labour market growing progressively stronger. American firms added 244,000 jobs in April, and the private sector added 268,000. Payroll figures for February and March were both revised upward. Over the past three months private-sector employment has risen by an average of over 250,000 jobs per month.

Since the employment bottom in February of 2010, the economy has added 1.8 m jobs and the private sector has added 2.1 m. Most of those jobs were created in the past year, and about a third of them in the last three months. This is not yet

the hiring pace one would hope to see after so deep a recession – there are still 13.7 m unemployed workers and nonfarm employment remains nearly 7 m jobs below the pre-recession peak. But this is better than anything the American economy has seen in years. The last time the private sector added this many jobs in a month was February of 2006 – more than five years ago.

There are complicating details, to be sure. The unemployment rate ticked upward from 8.8 % to 9.0 %, largely because the number of unemployed, according to the household survey, rose by 205,000. This cannot be blamed on new entrants to the labour force. Rather, the household survey reported a drop in employment of 190,000. That is somewhat disconcerting. But the sample size for the establishment survey, from which we get the payroll number, is much larger than that for the household survey, from which we get the employment figures that go into the unemployment rate. When they diverge, it's usually better to place more emphasis on the payroll number.

Encouragingly, retail employment grew strongly in April, by 57,000, suggesting that consumers are hanging in there despite high petrol prices. Rising employment may well boost spending, reinforcing this trend. Manufacturing employment rose yet again. That sector has added 141,000 jobs in 2011 alone. Over the past year, government employment has declined by a stunning 404,000, and 24,000 more government employees were cut loose in April. Whether or not a structural adjustment is needed there, the loss of government employees has been a steady and significant drag on recovery.

With so many unemployed remaining, it's difficult to be too cheerful. But with every month that the economy adds over 200,000 jobs, the sustainability of recovery is less in doubt.

CAN THE GOVERNMENT'S 'RESPONSIBILITY DEAL' WORK?

Ministers are accused of allowing the drinks industry too great a policy say.

With the backing of around 150 companies, this week the government unveiled its "responsibility deal" on public health in England.

It's a series of voluntary pledges by industry designed to tackle big health issues like alcohol abuse and obesity.

But while companies such as the major supermarket chains, big drinks producers and high street food outlets have all signed up, many health groups have walked away from the scheme.

They include Alcohol Concern, the British Medical Association and the Royal College of Physicians, and they argued the pledges were not specific or measurable enough, and that industry had been dictating policy.

Their rejection of the deal raises the wider question – can voluntary agreements with industry really address the huge health problems associated with alcohol abuse and obesity?

There were five main areas covered by the responsibility deal itself – food, physical activity, alcohol, health at work and behaviour change.

But it is food and alcohol that have been the focus for criticism.

Professor Anna Gilmore, a public health expert from Bath University, says there is a fundamental conflict of interest that has been ignored.

“These large corporations, whether they sell tobacco, food or alcohol, are legally obliged to maximize shareholder returns. They therefore have to oppose any policies that could reduce sales and profitability – in other words, the most effective policies.”

There’s no evidence that voluntary approaches work.

Food companies, for example, have two basic options when it comes to enhancing shareholder revenue: to persuade consumers to eat more or to increase profit margins.

“Experts indicate that much higher profits come from processed compared to fresh foods – so promoting the latter, advising people to eat less or eat more healthily contradicts the core business models of many food companies.”

And Professor Gilmore says there is another key problem: A lack of evidence to support the kind of partnership approach employed by the responsibility deal.

“There’s no evidence that voluntary approaches work. Look at what happened with the tobacco industry”.

“The internal records of the tobacco companies became available when they were sued. They show the companies pushed voluntary approaches specifically in order to avoid binding legislation. Yet independent evaluations show that these voluntary approaches were ineffective.”

But once legislation on smoking was introduced – from warnings on cigarette packets to bans on smoking in enclosed public places – along with tough tobacco tax policies, the number of smokers fell sharply.

Professor Gilmore says that to sell products and to influence policy makers, the food and drinks industries share many of the tactics used by the tobacco companies before them.

“They include focusing on personal responsibility, claiming government intervention infringes individual liberty, vilifying critics, labelling studies contrary to their interests “junk science”, using corporate social responsibility to enhance reputation and promote brands, opposing effective binding regulation and promoting self-regulation via voluntary codes.”

“A complex, multi-faceted problem like alcohol abuse requires a comprehensive, multi-faceted response”

Many public health experts argue that all the big advances in public health have relied on legislation, from seat belt laws to smoking bans.

But the health secretary Andrew Lansley believes legislation takes time and regulation is expensive – and working with industry is the quickest way to get results.

“Public health is everyone’s responsibility and there is a role for all of us, working in partnership, to tackle these challenges. We know that regulation is costly, can take years and is often only determined at an EU-wide level anyway”.

“That’s why we have to introduce new ways of achieving better results. The deals demonstrate the effectiveness of our radical partnership approach to deliver more and sooner.”

Specific promises

The drinks company SABMiller is one such partner who has signed up to measures that include a general pledge to “foster a culture of responsible drinking”.

It has also agreed more specific promises such as clear labeling of products, support for the charity Drinkaware and strengthening responsible marketing practices.

Sue Clark, the company’s director of corporate affairs, strongly supports the government’s model of closely involving industry.

"It makes complete sense for the government to get all relevant parties around the table to find ways of addressing alcohol abuse. A complex, multi-faceted problem like alcohol abuse requires a comprehensive, multi-faceted response – and that is what the Public Health Responsibility Deal provides.

"It sets out practical, measurable and deliverable steps which can be a real catalyst for change if everyone plays their part."

Ministers feel the criticism of the 'responsibility deal by health groups is unfair; the health groups say their credibility would have been undermined had they signed up to the pledges.

Even critics of the government's approach say there should be a place for working alongside the food and drinks industry and the government says it will regulate if the voluntary approach fails to produce results.

But perhaps getting the balance between cooperation and regulation has proved to be more difficult and controversial than ministers had anticipated.

IMF BACKS COALITION SPENDING CUTS

Click to play

George Osborne: "I'm determined that we don't turn back"

The International Monetary Fund (IMF) has said the UK economy is "on the mend" and has backed the coalition government's plans to cut spending.

The IMF described the deficit reduction plan as "essential" in supporting the UK's debt position, and said it "supported a balanced recovery".

The body also said that the UK economy would continue to recover at a moderate pace while the cuts were implemented.

The IMF predicted growth of 2 % in 2011, rising to 2.5 % in the medium term.

That marks a small revision downwards from an earlier forecast of 2.1 % growth in 2011.

"Economic recovery is underway, unemployment has stabilized and financial sector health has improved," the IMF said.

"In the public relations battle over the deficit, Mr. Osborne's team has won an important, and surprisingly unqualified, endorsement".

It acknowledged that the spending cuts designed to reduce the government's budget deficit would hit growth, but it said that the economy would continue to recover.

"Fiscal tightening will dampen short – term growth but not stop it as other sectors of the economy emerge as drivers of recovery, supported by continued monetary stimulus."

It also said companies were starting to increase investment as "the demand outlook strengthens".

Consumers, it added, would remain "thriftier" than they were before the financial crisis, but would be in a position to "gradually raise their consumption as labour markets recover".

The body also forecast that inflation would fall back below the target rate of 2 % by early 2012.

The rise in VAT to 20 % in January would ensure that inflation remains above target next year, it said.

Reacting to the report, Chancellor George Osborne said the IMF's support showed the government had "won the argument" on deficit reduction.

"It's a welcome endorsement of [our deficit reduction plan]," he said in an interview with the BBC.

"The IMF has joined us, the Bank of England and the Confederation of British Industry in saying that what we are doing is right."

"It also reminds us that if we divert from the course that the new government has set out, then we will be heading back into a disastrous period of economic instability for Britain, and I'm determined that we don't turn back."

Despite the upbeat assessment of the UK economy and the government's plans to cut the deficit, the IMF warned that "downside risks are also sizeable".

These risks, it said, included continued fragile confidence, weakness in the housing market and a greater impact than expected from spending cuts.

"Another extended contraction in output cannot be ruled out," it said.

That reflected the argument made by Labour politicians that the speed and depth of the government's planned cuts would put the UK's economic recovery at unnecessary risk.

Ed Miliband, the newly-elected Labour leader, has called the previous government's plan to cut.

IMF'S VERDICT DUE ON UK ECONOMY

Mr. Osborne has been keen to cite the support of the IMF and OECD in defence of his spending cuts.

The International Monetary Fund (IMF) is due to deliver its verdict on the UK economy later.

In November the IMF said the UK economy was “on the mend”. Since then, the economy contracted by 0.5 % in the last three months of 2010 and then grew by 0.5 % in the first three months of 2011.

On Sunday, a group of academics called for the government to come up with a Plan B on economic policy.

Chancellor George Osborne said the UK’s fiscal plan was “credible”.

“The economy is growing, jobs are being created. We would like the economy to grow further and we would like more jobs to be created,” he told BBC Radio 4’s Today program.

He described the fiscal plan as “the rock on which the British economy rests at the moment”.

While he did not talk about a Plan B, he said: “We have flexibility built into our plan.”

“Difficult decisions”

In a letter to the Observer, the group of academics described the “breakneck deficit-reduction plan” as “self-defeating”.

The academics argue that government spending cuts are hitting economic growth, which is reducing the amount that the government takes in taxes and increasing the amount it has to pay out in benefits – which increases the budget deficit.

START QUOTE

So far, the chancellor’s under remarkably little pressure to change course. Despite a series of U-turns – from forestry to school books to the NHS – the Treasury has yet to release any extra money to departments.”

The government has cited support for its plans from international financial organizations.

Mr. Osborne said: “There are many economists, many business organizations who create jobs in the economy, and many international bodies who support the difficult decisions we have taken over the last 12 months.”

BBC economics editor Stephanie Flanders said that even people who were fans of Chancellor George Osborne’s strategy would say things were not going as they would have liked, but things had not got to a point where they have turned on him.

She added that a year ago there were plenty of concerns within the IMF about the pace of Mr. Osborne’s cuts, but these were over – ruled on political grounds, and in public the organization was very supportive.

Last month, while the OECD endorsed the government’s policies, its chief economist Pier Carlo Padoan told “The Times” newspaper that the pace of cuts would have to be slowed if economic growth figures continued to be disappointing.

But Mr. Osborne said: “Angel Gurría, the secretary general of the OECD, came out later that day, because the remarks were being over-interpreted, and said the OECD backs the course the UK is taking.”

Last week, Markit, which compiles the closely-watched purchasing managers’ indexes (PMI), said that its surveys on manufacturing, services and construction “collectively signaled a slowing in the rate of economic growth”.

Its PMI survey on manufacturing indicated that the sector grew at its weakest pace in almost two years in May.

On Sunday, the shadow chancellor, Ed Balls, said: “The disappointing figures we’ve had this week, particularly on manufacturing, seem to be further evidence that the economic recovery is stalling.”

“The fact is that the spending review, the decision to cut further and faster than any other major economy and the VAT rise have really knocked business and consumer confidence and are putting at risk the good recovery we were starting to see a year ago.”

But Mr. Osborne hit back, saying: “Our plan provides credibility, stability and confidence in the British economy.”

He also drew attention to a report out on Monday from the EEF manufacturing group which said manufacturers have enjoyed a sixth successive quarter of growth.

EU SIGNALS BUSINESS LEGAL REFORMS

Legal reforms in the European Union mean that litigation will be less likely to stall or derail arbitration proceedings, which are used increasingly by large companies to settle international commercial disputes.

The reforms, announced in Brussels on Tuesday, also mean court judgments in one EU member state will be automatically recognized in others – making the current costly procedure of having judgments validated and declared enforceable elsewhere in the 27-country bloc unnecessary.

EU officials say the moves should bolster Europe's competitiveness and save costs, benefiting large and small businesses.

The changes come in revisions to the code for civil judicial co-operation in the EU – known as “Brussels 1”. They must be approved by member states and the European Parliament before coming into effect.

The arbitration problem occurs when a company that wants to get out of agreed arbitration proceedings claims that the agreement to arbitrate in the event of disputes was invalid, and files a lawsuit in a country where it thinks it will get a more favourable decision or where legal proceedings are notoriously slow.

Lawyers say this tactic has not been widely used, but is becoming more frequent, threatening to tarnish the appeal of Europe's big international arbitration centres, such as London and Paris. Arbitration is now a € 4 bn annual business for the EU, but it faces fierce competition from other centres, such as Singapore and Switzerland.

Under the new measures being inserted into Brussels 1, an EU-based court will have to put its proceedings on hold if an arbitration tribunal is already handling a case or if court proceedings related to the arbitration agreement have begun in the member state where the arbitration is due to be held.

Viviane Reding, EU justice commissioner, said she believed there was “a lot of abusive litigation” in this area, and she wanted to reinforce Europe's arbitration centres. “This is pro-competitive,” she said.

Audley Sheppard, an international arbitration specialist and partner at Clifford Chance law firm, said: “Any attempt to avoid satellite litigation frustrating a valid arbitration agreement is a good idea. This brings some order to the system.”

Ms. Reding said the move to make court judgments automatically enforceable across the EU could save almost € 50 m annually and should encourage more small businesses to operate cross-border. “This is a very big change in mentality,” she said.

EU CLOSER TO US-STYLE FINANCIAL REFORM

Momentum is building across the European Union to replicate the corporate transparency enforcements contained in the US Dodd-Frank financial reform bill, with draft proposals expected by November, according to EU officials.

“Dodd-Frank Plus”, the shorthand name for the international replication of the US law, could require fuller disclosure of money flows between companies and governments.

Klaus Rudischhauser, a senior European Commission official dealing with Africa told the Financial Times: “The process is launched.”

“We will make a proposal to include mandatory country-by-country disclosure by November, with Dodd-Frank as a minimum,” Mr. Rudischhauser added, speaking on the fringes of a Paris conference of the Extractive Industries Transparency Initiative, a global public-private coalition that is pushing for fuller documentation of transactions between resource companies and governments.

“The question at the moment is, should we include other companies not in the extractive industries such as forestry or consumer goods, and also should there be disclosure of profits in addition to disclosure of taxes,” Mr. Rudischhauser added.

Stephen O’Brien, the UK’s junior minister for overseas development, said: “The UK coalition government believes in everyone adhering to the highest standards in oil and mining. That is why our chancellor George Osborne said that we will be seeking new disclosures standards at the EU level.”

Both Mr. Osborne and Vince Cable, business secretary, are backing the adoption at the European level of rules that would have the same impact as the Dodd-Frank bill, officials in London said.

A German official at the Paris conference said that Berlin was also pressing the European Commission to push forward with draft proposals.

George Soros, the billionaire financier and philanthropist, told the FT that the Dodd-Frank provisions are being replicated in the EU in “truly the first international regulation of its kind”.

Mr. Soros expects it will be adopted in some form this year. The foundation of Mr. Soros – along with those of the rock star activist Bono and Sudanese billionaire Mo Ibrahim – have thrown their weight behind the EITI, and are championing its evolution into a global legal framework.

Mr. Soros called on the various laws to be almost identical so that companies registered in London, New York, Frankfurt and other exchanges “would be adhering to the same regulations, even filling out the same pieces of paper despite it being separate national laws”.

Companies have reacted critically to the idea of Dodd-Frank Plus. Peter Eigen, the outgoing chairman of EITI, said that resource company bosses who sit on the EITI board threatened to resign if he pushed for Dodd-Frank-type legislation in Europe.

Peter Voser, chief executive of Royal Dutch Shell, told the EITI event that Dodd-Frank threatened to “destroy” the existing transparency movement because it violated national laws.

INVESTORS MAKE WAVES IN CLIMATE POLICIES

In December a cash – strapped Spain stunned investors by saying it intended to go ahead with plans to retroactively slash pre-agreed subsidies in the solar photovoltaic industry. It said it would prepare a law to cut the “feed-in tariffs” paid to solar-photovoltaic energy producers by 30 per cent, or €3bn (\$4.1bn), over the next three years.

The investors, which included many large foreign institutions, had been tempted in by the offer of guaranteed returns. Because renewable energy is not yet cost-effective compared with fossil fuels, Spain, like many European governments, had agreed so-called feed-in tariffs, which guarantee producers prices for their output, for a set number of years.

“A developed market like Spain is not where you would expect this type of policy risk,” says David Russell, co-head of responsible investment at the

Universities Superannuation Scheme, the UK's second largest pension fund with £32bn in assets under management.

Spain's announcement is an example of what many institutional investors dread about investing in climate change solutions – the so-called “policy risk” of a sudden reversal in government policy.

The growing recognition of this risk partly explains a quiet revolution in the way many investors have organized themselves to respond over the past few years.

The structures they have created have built such scale that they are starting to make waves of their own.

The Institutional Investors Group on Climate Change is just one of a number of global organizations representing investors in this field. It started as a largely UK operation in 2001 and has grown recently into a pan – European force to be reckoned with.

Membership numbers have jumped in the past year alone. The 72 members, up from 58 in June 2010 include some of the largest pension funds and asset managers in Europe with a combined total of more than € 6,500 bn in assets under management.

Counterparts across the globe are also seeing growth in membership. The US-based Investor Network on Climate Risk now represents 90 institutional investors with assets exceeding \$ 9,000 bn. It was formed by 10 investors in 2003 at the Investor Summit on Climate Risk hosted by Ceres (a coalition of investors and environmental groups).

There is a parallel organization representing Australian and New Zealand based institutional investors (the Investor Group on Climate Change) and the Association for Sustainable & Responsible Investment in Asia (Asria) is beginning to organize itself on climate change as part of its broader focus on sustainable and responsible investment.

That these organizations are now playing a serious role can be measured in factors such as the speed of the IIGCC's response to the Spanish announcement that it planned to go ahead with tariff cuts.

On December 23, as it became clear that Spain had ignored presentations from interested parties and was preparing the change in law, the IIGCC sent a letter to the Spanish government saying:

“The step currently under consideration would seriously hamper the wider prospects of attracting large-scale private investment to the renewable energy sector and foreign investment in Spain more generally. It would also have consequences for investment in renewable energy more widely in the EU as well as globally.”

The letter was just one part of a period of what Mr. Russell of USS refers to as “significant engagement” by institutional investors generally with policy makers in Spain, at the European Commission and with UK politicians.

Spain may not be listening, but the EU seems to have got the message and has taken up the torch on behalf of investors. A letter from Connie Hedegaard, the EU’s commissioner for climate action, to the Spanish government dated February 22 makes reference to the “negative consequences for investor confidence” of retroactively cutting the tariffs.

“The investment community is becoming more vocal on what regulation is required,” says Paul Simpson, chief executive of the Carbon Disclosure Project, a not-for-profit organization that gathers information on companies greenhouse gas emissions and how they are responding to climate change risk.

Part of the explanation for recent successes in getting the message over might be found in the empty coffers of many developed nations that have made commitments to reduce emissions and increase the amount of green or renewable energy solutions.

“Governments are more interested to hear the investor voice on climate change these days. This is because an awful lot of money needs to be invested in creating the transition to a low carbon economy and the majority of this will be private capital,” says Mr. Simpson.

Ole Sorensen, head of research and strategy at ATP, the Danish pension fund, and chairman of the IIGCC, has also noticed a distinct change in the receptiveness of policymakers. “Before last year we were calling policymakers; in 2010 policymakers started calling us,” says Mr. Sorensen.

“There is now much greater recognition by policymakers of the role that private finance will have to play in supporting the move to a low carbon economy,” he adds.

IIGCC was recently asked to speak at the launch of the UK’s department for energy and climate change Capital Markets Climate Initiative. It has been

called to meetings at the EU Commission and participated in the “Mexican dialogues” that led up to the last global climate change conference in Cancun, where it also attended further meetings and discussions.

The INCR likewise thinks it is making progress and credits itself with having helped spur the “February 2010 decision by the Securities and Exchange Commission mandating corporate disclosure of climate change policies and activities”.

Mr. Simpson perhaps sums up the new mood among institutional investors: “If governments fail to regulate to avoid dangerous climate change then investors need to act to protect their wealth.”

CORE SPREADS TIGHTEN

US government bonds are underperforming Bunds as traders prepare for a further \$66bn of issuance this week. Ten-year US yields are up 4 basis points to 3.03 per cent, but still near their lowest since the start of December, reflecting growth concerns. A soft day for European equities, in contrast, has delivered a bid to German paper, pushing the 10-year yield down 3 bp to 3.04 per cent and scrunching the US/German yield spread to just 1 bp.

Traders are still debating the significance of last Friday’s much softer than expected US payrolls numbers, with bulls arguing that the 54,000 jobs increase for May, while disappointing, shows an economy in little more than a cyclical soft patch.

Bears contend that the soft patch is a structural mire, into which nearly \$ 600 bn of the latest Federal Reserve quantitative easing has been poured.

That largesse is due to end this month, prompting some to wonder if QE3 may now be launched. Most in the market consider this unlikely, however, as the law of diminishing returns suggests QE2 lacked the heft of its predecessor with regards to the real economy.

In addition, quantitative easing has been blamed by some for exacerbating the rises in the price of many raw materials.

Thus, argue some, the Fed’s easing is counteracted by tightening in developing economies – the source of much recent growth – as they seek to control inflation.

GLOBAL PORTS EYES \$750M LONDON IPO

Global Ports, the Russian port operator, is to begin marketing a London initial public offering of up to \$ 750 m on Monday amid renewed interest in Russian infrastructure, a strategic growth area for the country.

The privately owned company is seeking a valuation of \$ 3 bn and plans to sell a 25 per cent stake.

Goldman Sachs, Morgan Stanley, Deutsche Bank and Troika Dialog are joint global co-ordinators and bookrunners on the offering.

The company is the latest in a series of Russian groups that have attempted to list on the London Stock Exchange.

Since the start of the year, 10 Russian companies have tried to float in the City. Only four have succeeded: Nomos Bank, Russia's second-largest lender; Etalon, a property group; Rusagro, a pork and sugar producer; and Hydraulic Machines and Systems, a pipe maker. Of those, HMS was forced to lower its price range, while Etalon and Rusagro priced at the very bottom of their targeted range.

Emerging markets investors said the Global Ports offering could be easier to bring to market because of the relatively small size of the offering but said it would depend on conditions and the company's valuation.

The management of Global Ports has brought two other transportation assets of its holding company N – Trans to market, a factor that could determine the IPO's success. Globaltrans, a railway operator, was the last Russian company to float in London before the financial crisis, while Mostotrest, a bridge-building group, raised close to \$ 400 m last year.

Analysts said Global Ports, which runs oil products and container terminals in the Baltics and Russia's far east, stood to benefit from a wave of state and private investment in Russia's infrastructure ahead of the Winter Olympics in Sochi in 2012 and the World Cup in 2018.

"If you look at the roads and any other means of transportation, it all needs to be replaced or built from scratch, and the World Cup will require building a lot more roads, rails and passenger cars," said Alexander Kazbegi, transport analyst at Renaissance Capital, the investment bank.

As not many transportation groups are listed, investors could view the Global Ports offering as a way of tapping into the industry's development. "The

transportation sector is still fairly thin. There are not 100 companies that you can choose from,” he said.

He added that Global Ports stood to benefit from increased use of containers for transporting imports, such as consumer goods, across Russia.

While container penetration in Russia is three times lower than in China, Russia’s container market is one of the fastest growing.

The industry grew at a compound annual growth rate of 19 per cent between 2000 and 2010, or almost four times the growth of gross domestic product, while the market increased by 44 per cent in 2010.

INLAND PORT FOR DONCASTER

A deal has been signed between three leading UK industrial developers to build the UK’s largest inland port and logistics parks near Doncaster.

Work on the £ 400 m Rossington Inland Port will begin next year after Helios Europe, the European specialist logistics developer, struck an agreement on funding and development with Shepherd Developments and Segro, the property company. The Rossington site will be deemed an “inland port”, having customs clearance and bonded warehouses on site.

The developers plan to build up to 5.75 m sq ft of rail linked distribution warehousing plus an intermodal container facility, that will provide retailers and third-party logistics providers with buildings that have both direct motorway access and direct rail to port container services.

The developers have held discussions with Hutchison Whampoa, the global ports operator, to run the rail cargo operation. The scheme is expected to employ about 5,000 workers.

Goods shipped into Hutchinson’s port of Felixstowe in Suffolk, one of the busiest ports in Europe, are expected to be a key target to be freighted up to the scheme, situated at Junction 3 of the M18 in Doncaster. The site has outline planning permission for the buildings.

Mike Hughes, chief executive of Helios Europe, said: “Doncaster is acknowledged as a premier location for logistics in the UK and this project is core to our European-wide business.”

“The primary UK ports storage capacities are being stretched to almost breaking point through expansion, so there is substantial demand for intermodal inland port hubs of this nature. Rossington will provide our international clients with facilities that are truly transport ‘future proofed’.”

Access to the site will be via a new link road that has just been granted £18m from the government under the regional growth fund programme. The developers expect to submit a reserved matters application within six months to enable the first buildings to be available for occupation in 2012.

INTERBANK STERLING LOAN RATE LAUNCHED

By David Oakley, Capital Markets Correspondent

A new interbank lending rate, to be launched on Monday, could help protect bank balance sheets from fluctuating interest rates and, backers hope, will lead to a more secure financial system.

The rate, created for sterling loans, will help UK banks and building societies as well as international institutions, which also trade in the pound, improve the hedging of their rate risks.

The Repurchase Overnight Index Average (Ronia), to be published by the Wholesale Market Brokers’ Association, which represents interdealer brokers, is a secured rate. This means it is the rate banks charge each other for loans using collateral.

Secured lending, considered safer since collateral can be used to offset losses in the event of a loan not being repaid, has jumped in volumes compared with unsecured lending since the financial crisis in 2008.

Some strategists say Ronia could challenge the London Interbank Offered Rate as the established market benchmark lending rate. Libor is an unsecured rate, which is hardly used beyond one month due to the preference for secured lending.

“The financial crisis in effect killed unsecured lending between banks due to the fears of counterparty risk,” said Don Smith, economist at Icap, the largest interdealer broker. “Only the biggest and strongest banks can borrow in the money markets without collateral. By contrast, secured lending has seen a sharp rise in volumes. That is why Ronia is likely to become an increasingly important hedging tool for banks.”

Alex McDonald, WMBA chief executive, said Ronia “should help provide the financial system with a much better way to hedge against counterparty risk”.

Ronia has an advantage over Libor because it is an actual rate banks charge each other for loans and is thus considered a better reflection of bank funding costs. Secured sterling overnight lending between banks is up from a monthly turnover of £ 150 bn in mid-2007 to about £ 400 bn.

RUSSIA’S STUDENTS LOOK TO THE WEST

Michail Yurin graduated last year with an EMBA from the Institute of Business Studies – Moscow. A consultant specialising in distribution and logistics, Mr. Yurin believes his degree has helped his business considerably and that his EMBA – an MBA for working executives – gave him sufficient exposure to western business practice.

However Mr. Yurin is in a minority. Although interest in management education in Russia is increasing as the economy grows, many Russian students are opting to study for an MBA outside the country. According to the Graduate Management Admission Council, last year 2,019 Russian citizens took the GMAT, or Graduate Management Admission Test, an increase of 64 per cent compared with 2006. But many of these would-be students either sent their scores to US schools last year (53 per cent) or schools in the UK and France. Only 2.4 per cent of Russian examinees sent their score reports to Russian programmes in 2010.

There are 150 business schools in Russia offering an MBA, but apart from the 12 accredited or in the process of accreditation by the UK-based Association of MBAs, none has accreditation from either the US-based AACSB or EQUIS, the accrediting arm of the European Foundation for Management Development. Most MBAs are taught in Russian and many schools are seen as lacking the drive and innovation of their western counterparts. EFMD’s accreditation process favours MBA programmes that have a strong appeal to international students.

Only a handful of Russian MBA candidates would consider studying in their home country, says Zoya Zaitseva, global operations director of the QS World MBA tour.

“The majority of Russian business professionals want to gain international experience and study in a culturally diverse classroom.”

To counter negative perceptions the Russian government is investing heavily in its elite Moscow School of Management Skolkovo, set up in 2006. Dmitry Medvedev, Russia’s president, has given this prestige project his backing and is chair of the business school. There are currently 145 students on Skolkovo’s MBA and EMBA programmes and numbers are rising.

Other top Russian schools include IBS – Moscow, the Graduate School of International Business, Graduate School of Management St. Petersburg University and the Moscow School of Social and Economic Sciences. Several western business schools – Duke in the US, Vlerick Leuven Ghent, Stockholm School of Economics, Grenoble Graduate School of Business and Kingston University in the UK have opened campuses in Moscow and St Petersburg, often with local partners and government support.

Other business schools are finding an alternative route into the Russian market. For example, Insead in Paris and Singapore and London Business School are delivering executive education to one of Russia’s biggest financial institutions, Sberbank.

“The bank is undergoing a huge programme of transformation and embracing a new, more efficient culture,” says Irina Pronina, Sberbank head of learning and development. “Companies who provide good educational opportunities for their people become employers of choice,” she adds. Sberbank opted for western schools because it wants both to become more international and to prepare its managers to operate globally.

Ms Pronina believes Sberbank’s move will spark interest in western MBAs. “Our training consultants aim to show our high potential, the range of possible programmes being delivered by western business schools and we certainly hope some of our best people will go on to take an MBA.”

Vlerick has run a part-time MBA from its campus in St Petersburg for the past five years and will launch an EMBA in Moscow later this year. However, Peter Rafferty, director of international business at Vlerick cautions that even in good times the Russian market is a risky proposition for business schools.

“There are political risks to consider. Establishing a business school in Russia is a completely bureaucratic process. Your building needs to be approved.

The institution needs to be approved and your course programme design needs approval,” he says.

Nevertheless Dave Wilson, president and chief executive of GMAC, believes that Russia is on the cusp of growth in management education. “Russia has some world class universities and that is always a strong foundation for the building of world class business schools.

“Moreover, as Russia itself grows, the demand for qualified managers will increase exponentially,” he says.

THAT’S COLD. COORS LIGHT IS GETTING HAMMERED

For years, Coors Light has been the beer marketed under the “cold” umbrella. Almost every ad that has come out of the Coors Light advertising stable (Integer Advertising) has focused on how icy cold the beer is. Why? Maybe because it can’t really boast flavor like some of the other beers (although to be honest, Budweiser, Coors and Miller are all pretty much the same). For years, other beers have shone the spotlight on their own strengths, but clearly Coors Light has got under the skin of the other beer brands. And their natural reaction is to hit Coors Light where it hurts, negating the whole campaign and showing it to be a flawed strategy.

First, we see these ads for Breckenridge Brewery. They pull no punches, with one script ending with the killer tagline “If you touch it and it’s cold, then it’s cold.” Just the right level of snarkiness to give you a smile. Other ads make fun of innovations from Coors (masters of the “cold label” and “vented wide mouth can”) with things like “Gravity Activated Pouring, or Seventruple Hopped beer.”

And it’s not just the small guys hitting with big punches. I flicked through a magazine recently to see Heineken has also jumped on the bandwagon, with another ad based around touching the can to see if it is cold enough.

To be honest, Coors Light has had it coming for some time. Cold is not a property of good beer. It just makes average beer drinkable. And it’s not like the beer cools itself. You have to put the can in the fridge anyway, and it will be the exact same temperature as any other beer in the fridge. Pabst Blue Ribbon can make the same claim. I think it’s time for Coors Light to do what Domino’s Pizza did, and reinvent the recipe. How about a light beer that you can drink at room temperature

because it's so flavorful? Or a light beer that comes out first every time in blind taste tests. Now you've got a real claim. But cold? That's nothing special.

BA NEEDS TO REBUILD BRAND AFTER STRIKES, CHIEF EXECUTIVE ADMITS

British Airways needs to rebuild its brand after the acrimonious cabin crew dispute, the airline's new chief executive has admitted, as the carrier prepares to capitalise on its position as an official sponsor of the 2012 Olympics in the wake of its worst-ever bout of industrial unrest.

Keith Williams said BA's image suffered during 22 days of strikes last year that cost the airline £150m and disrupted travel plans for hundreds of thousands of passengers.

"One of the things we need to do is rebuild the brand image which inevitably suffers during a protracted dispute," he said. Nearly 10,000 crews are being balloted on a peace deal thrashed out between BA and the Unite trade union that has been recommended by Unite's new general secretary, Len McCluskey.

Williams said BA will launch a marketing push later this year. "We are looking at how we do some marketing of the brand, and you will see that over the next six months." He added: "We have £1bn of investment over the next few years. We are doing a lot of work on training and the product and that will help the branding."

BA is one of the blue-ribbon accounts in UK advertising, generating slogans such as "The world's favourite airline" and TV ad spots including the "Face" advert that first used the distinctive "flower duet aria" from a Leo Delibes opera – still a staple of BA TV marketing.

Speaking at the annual general meeting of the International Air Transport Association (IATA) in Singapore, Williams denied that onboard service standards had been affected by the strike, which saw pilots and other BA staff work as auxiliary cabin crew in order to operate strike-breaking services. One pilot, writing anonymously for the Guardian last year, warned of "poisoned" warned of "poisoned" relationships among staff as a consequence.

Williams said there was "no evidence" that service standards had dropped last year and that safety had not been endangered. He added that relationships

strained by the dispute, including between striking and non-striking crew, have improved since the strikes ended. “I think it has got better and will get better over time,” said Williams, who replaced Willie Walsh as BA chief executive after Walsh became boss of the airline’s parent, International Airlines Group, this year. Williams said BA sales had not been damaged permanently by the strikes, with traffic at IAG, formed by the merger of BA and Spain’s Iberia, rising by 14 % last month. “Customers have stuck with BA,” said Williams.

WILLIE WALSH: KEEP EMISSIONS TRADING SCHEME TO EUROPEAN AIRLINES ONLY

Lewis Whyld/PABrussels must delay plans to charge non-European airlines under the emissions trading scheme (ETS), the boss of British Airways and Iberia has warned, or else passengers will be caught up in a trade war between the EU and the US and China. Speaking at the annual general meeting of the International Air Transport Association in Singapore, Willie Walsh said that if major powers are forced to pay for carbon dioxide emitted by services to and from the continent, they could impose aviation taxes on European carriers or block flights. US carriers are launching a European legal challenge against the ETS next month, while Russia and China have also made hostile representations to EU officials about the scheme, arguing that Beijing should be exempted from ETS because it is introducing its own curbs on aviation emissions.

“It is clear that the countries are going to retaliate, whether in the form of imposing additional taxes on European airlines or restricting access to markets,” said Walsh, chief executive of International Airlines Group. Passengers on European airlines are already facing price increases of up to € 40 (£ 35) per return fare under the scheme, which carriers must join from January next year. Once they have joined the ETS, carriers will have to pay for carbon dioxide emissions that exceed a certain threshold by acquiring credits.

“The uncertainty will add more cost,” said Walsh. “It will add more concern in the mind of travellers that they will face disruption to services and I think there is a real risk this could happen.”

Walsh has called for a global emissions trading scheme for airlines and urged the EU to implement a compromise in the meantime. Walsh said Brussels

should resort to a “plan B” that will charge carriers for regional and domestic flights only. “There needs to be a plan B. It is unacceptable that airlines face the prospect of retaliation because of the actions of the EU. Plan B for me would be to restrict the scheme to intra-Europe.”

The chief executive of Airbus, the European aircraft manufacturing giant, echoed the concerns of airlines in a letter to the EU climate commissioner, Connie Hedegaard. According to the Financial Times, Tom Enders said it was “madness to risk retaliation” from major global powers.

In a joint letter with the chief executive of Virgin Atlantic, Steve Ridgway, who is also chairman of the Association of European Airlines, Enders warned: “If the EU goes ahead with its plans, China has already announced its intention to deploy counter measures against European aviation.” The letter added: “Past experience with the US has demonstrated that it will not shy away from retaliatory measures. European airlines and Airbus are likely targets ... We cannot afford a trade conflict of this magnitude.”

TUC WAGE STUDY SHOWS RICH – POOR DIVIDE WIDENING

Wage increases over past 30 years have been four times higher for top 10% of earners, than for workers on low incomes.

Wages have been falling sharply in the UK as a share of the national wealth since the mid-1970s, although a “rich minority” has seen their earnings increase, a new study showed.

Workers on low incomes have seen their pay increase by 27 % over the past 30 years but wage rises for the top 10 % of earners have been four times higher, according to the TUC.

The report found a “sharp divide” in earnings growth between different professions, with medical practitioners enjoying a 153 % pay rise since the late 1970s and over 100 % for judges, barristers and solicitors.

The wages of bakers fell by 1 % in the same period, by 5 % for forklift truck drivers and 3 % for packers and bottlers, the TUC said.

According to the union organisation, there has been a steady growth in “bad jobs”, offering poor wages and job security, with almost twice as many people now earning a third less than the median compared with 1977.

It added that a significant proportion of workers have received little if any financial benefit from the doubling in size of the British economy in the last 30 years.

TUC general secretary Brendan Barber said: “Britain has got much wealthier over the last three decades.”

“But while a small financial elite have grabbed an ever larger share for themselves, many people on low and middle incomes have seen barely any improvement in their incomes while some have even seen their take – home pay fall.”

“People often cite the recession as the source of this income squeeze but a livelihood crisis has been brewing in Britain for decades.”

“The financial crash has exposed decades of limp wage growth offset by soaring household debt.”

“The financial crisis should have led to a fundamental economic rethink but instead our discredited model of market capitalism has somehow emerged unscathed.”

“Far from making the changes that we need, the coalition is instead introducing more punitive measures against those on low and middle incomes.”

“Unless we radically transform our economy – from recasting the role of the state to prioritising a fairer distribution of new wealth and jobs – we will simply be storing up more problems for the future.”

UN REPORT CALLS FOR REGULATION TO CURB SPECULATORS PUSHING UP FOOD PRICES

- Investment in commodity funds has reached \$ 270 bn
- Speculators blamed for putting staples out of reach of poor

Speculators chasing high returns on investment in commodity funds create price bubbles that puts basic foodstuffs out of reach of poor in developing countries. Photograph Todd Korol/Reuters.

Government intervention may be needed to burst the huge bubble that has developed in the price of commodities such as food staples and oil, a UN report says.

Prices have rocketed in response to dysfunctional commodities markets, according to the report, which also disputes the view of many senior economists

and central bankers that commodity prices have jumped as a result of a surge in demand.

“The changing role of commodity markets, which are turning into financial markets, has enormous repercussions for the economy,” said one of the report’s authors – Heiner Flassbeck, a director at the UN conference on trade and development (Unctad).

“The possibility of allowing governments direct intervention in the physical and financial markets needs to be considered,” the study concluded.

Investors are encouraged to behave like a herd, says the report, with few incentives to arbitrage or bet against the tide of rising prices. Without checks and balances in the system, investors create price bubbles that put many basic foodstuffs out of the reach of millions in the developing world.

Oil may be as much as 20 % over valued while maize, the staple food of many developing world economies, is subject to wild swings in price.

The report follows a similar investigation by Christian Aid, which urged world leaders to commission a review of commodity markets after it found that a huge influx of profit seeking investors distorted the market. The charity blamed pension funds and other long term investors for pushing up prices by seeking high returns from investment in commodities’ markets.

In April, the World Development Movement blamed Barclays Capital, the investment banking arm of the high street bank, for driving up prices. BarCap is the UK’s biggest player in food commodity trading, and one of the top three banking players along with Goldman Sachs and Morgan Stanley. BarCap has pioneered the creation of derivatives that allow pension funds and other investors traditionally barred from commodities exchanges to bet on food prices. Nearly \$ 270 bn is invested in derivatives that follow commodity prices, up from \$ 90 bn in 2005, according to Unctad.

A separate report by the UN special rapporteur on the right to food, Olivier De Schutter, argued that the appetite for investments in commodities was even higher. He found that commodity index funds rose from \$ 13 bn (£ 7.9 bn) in 2003 to \$ 317 bn by 2008. While there are no definitive figures on how those index funds break down, one estimate suggested their holdings in agricultural commodity markets rose from about \$ 3 bn to more than \$ 55 bn over that period.

Using these new derivative products, pension funds, especially in the US, have invested large slices of their overall portfolio in commodities as it has become more difficult to generate above average returns from more traditional sources of income, such as stock and bond markets.

Unctad, which commissioned the report, said the efficient market hypothesis that many economists believe regulates trading in commodity markets has broken down.

“If the efficient market hypothesis were to apply, commodity price developments would reflect nothing but information on fundamentals. However, this study shows that the hypothesis does not apply to the present commodity futures markets,” the report says.

“Another major factor is the financialisation of commodity markets, which has played a significant role in price developments in recent years,” the report says. Its importance increased steadily after 2004, as reflected in rising volumes in commodity derivatives markets – both at exchanges and over the counter (OTC). “This phenomenon is a serious concern, because the activities of financial participants tend to drive commodity prices away from the levels justified by market fundamentals, with negative effects on producers and consumers.”

Traders interviewed by the report’s authors said they were encouraged to join other traders buying commodities by a lack of transparency over what was happening in the market. Traders are unaware of other buyers and their trading positions, information that can prove crucial when deciding to buy or sell a commodity.

They said the situation in the EU was worse than the US, where regulators produced weekly reports on rule changes and trends. Largely unregulated over – the – counter markets, which allow individual institutions to trade with each other away from the main markets, also needed greater transparency, it said.

Unctad said a transaction tax on commodity trading, which could raise billions for investment in developing countries, would slow the pace of financial markets, limiting the scope for misinformation.

Commodity prices reached a record in 2008 as traders anticipated a rapid recovery from the credit crunch of 2007, but the market crashed after the collapse of Lehman Brothers. In the last six months prices have soared again, though not yet to 2008 levels. Critics of commodity traders fear a slowdown in the global

economy could trigger a sell-off in commodity derivatives, triggering exaggerated falls in prices.

GLOBAL FOOD CRISIS: THE SPECULATORS PLAYING WITH OUR DAILY BREAD

As food prices reach record highs, how much is the speculation in agricultural commodities to blame?

With food prices reaching record highs again this year, what goes on inside a 650ft Chicago skyscraper topped by a statue of the goddess Ceres is coming under intense scrutiny.

It is here that the world's oldest futures and options exchange, the Chicago Board of Trade (CBOT), was established in 1848 to serve the great grain belt that had opened up in the American midwest. And it is here that the international price of agricultural commodities is set to this day.

"There's a lot of weather in the market, the northern growing season has been traumatic, with drought in Europe and China and tornadoes and floods in the US. No one is panicked yet, but any additional crop loss, say in Russia, will quickly bring new worry to the market and that could quickly turn to panic. We may be one more event away from panic," Dan Basse, president of AgResource, one of Chicago's most respected commodity analyst companies, warned as we watched the opening of a day's trading last month.

G20 agriculture ministers will meet in Paris on 22 June to discuss food security and prices. Speculative activity and how to contain it is high on their agenda.

Debate has been raging since 2008, when price rises provoked riots around the world, about whether or not the new money that has flooded into the commodities markets since 2003 is the cause of the problem – and if so, how to regulate it.

In Chicago, before the financial day begins, teams of traders pump themselves up outside on chain – smoked cigarettes and outsize McDonald's coffees. The coloured blazers they use to make themselves easily identifiable on the trading floor have been reduced to bright jackets with string – vest backs to

counter the heat generated by a day's speculation. They keep on their toes in training shoes.

Inside, when the bell announces the start, there is a frenzy of noise. Traders yell at one another and wave their arms in violent gesticulation, palms out to signal sell, palms in to signal buy. There are "scalpers" who buy and sell within seconds, "floor brokers" hedging for corporate accounts, and hundreds of runners rushing orders to the recorders.

At the end of May, the price of corn was up again – most traders and analysts expected it to continue rising along with other commodities.

Basse is one of those who think underlying fundamentals – a serious mismatch between supply and rapidly growing global demand – are behind this year's price rises.

"Speculation is the easy thing to point the finger at and it's easy to fix. Back in 2008, when prices were up and there was lots of money pouring in, that may have pushed prices up, but today we don't see that as having a significant effect," Basse said.

"Look at growth in world livestock demand and in biofuels demand, and you can see what's been driving the agricultural bull market."

He painted a troubling picture of what is likely to come. He estimates the world needs to bring around 10.3 m hectares of new land a year into food production "just to keep stocks steady", but he says that will be increasingly hard to do as the land that remains available is reduced to what is environmentally fragile.

A "weekend" farmer of GM crops himself, Basse admits the promise that biotech seeds would deliver big increases in yields has turned out to be illusory. He also fears that "superweeds are coming on so fast with GM that US farmers are going to have to go back to more traditional cultivation methods [as opposed to the practice with GM seeds of not tilling the soil and simply spraying to control pests] – but they don't have the capacity to do that."

Europe, Basse said, will soon have no choice but to lift its ban on imports of GM crops for animal feed. With its own crops suffering drought, it will have to turn to Brazil, the only major supplier of non-GM imports. However, the Chinese have already bought up large chunks of the Brazilian crop. The policies in the US and the EU of promoting biofuels will be unsustainable.

The company that owns CBOT, the Chicago Mercantile Exchange group (CME), also rejects the notion that the enormous rise in speculation in agricultural commodities in recent years has caused food price rises.

Farmers and processors of physical goods have long used commodities exchanges such as Chicago's to hedge against risks such as bad harvests. Speculators willing to take the risk perform a useful role in providing liquidity. But much of the recent growth in speculation has been through new "structured" products invented by banks and sold to investors.

After intense lobbying, banks won deregulation of commodities markets in the US in 2000, allowing them to develop these new products. Goldman Sachs pioneered commodity index funds, which offer investors a chance to track changes in a spread of commodity prices including key agricultural commodities.

Between 2003 and 2008, investment in commodity index funds rose from \$ 13 bn to \$ 317 bn (£ 193 bn). But the CME's associate director of product development, Fred Seamon, said: "There is no credible evidence that suggests index funds or any group of traders are a cause for high prices or increased volatility. There may be a correlation, but that's a completely different thing."

CME argues that the volume of speculation is not a problem, because the overall composition of the agricultural commodities market has not changed; the increase in activity by index funds has been matched by an increase in trading by those who are commercial participants, that is those who have a direct interest in the physical goods.

"That's an indefensible position," Chicago-based hedge fund manager Mark Newell of Quiddity retorted. He and another hedge fund manager, Mike Masters, prepared testimony to the US Senate when it was looking into the effect of speculation on food prices in 2008.

"When billions of dollars of capital is put to work in small markets like agricultural commodities, it inevitably increases volatility and amplifies prices – and if financial flows amplify prices of food stuffs and energy, it's not like real estate and stocks. When food prices double, people starve," Masters said.

The UN rapporteur on the Right to Food, Olivier de Schutter, added his weight to Masters side of the debate at the end of last year when he concluded a speculative bubble was responsible for a significant part of the food price rises.

An OECD study, however, did not find a link. Aid agencies such as Oxfam and Christian Aid are calling for reregulation.

In the US, the regulator – the Commodities Futures Trading Commission – has until July to produce a new framework for the commodities markets for Congress. It has been looking at imposing limits on the size of positions that traders can take, and at regulating the commodity index fund trades that are currently unregulated because they take place “over the counter”; that is, between investors and banks. But the financial industry has proved resistant to reforms. G20 ministers will have to decide their own position soon, too.

Newell, meanwhile, remains convinced that without action prices will continue to go up, partly because of underlying fundamentals, but also because, just like in 2008, “the game’s afoot again”.

COCA - COLA PLANS TO LIST ON SHANGHAI STOCK EXCHANGE

- China is drinks company’s third largest global market
- Many western companies now likely to follow suit

Coca-Cola, the world’s biggest soft drinks manufacturer, is in talks with the Chinese authorities to list its shares on the Shanghai stock exchange. China experts say the move heralds a wave of Chinese listings as the world’s biggest companies look to build their businesses in the world’s most populous nation.

Foreign companies are not yet allowed to list in mainland China but the authorities are exploring the possibility of opening an international board and Atlanta-based Coca-Cola could be among the first western firms to sign up.

Geoff Walsh, Coca-Cola’s communications director for the Asia-Pacific region, told the Hong Kong Economic Journal that the company is “exploring the opportunity of listing our stock on the Shanghai exchange”. He said the company continues “to have positive discussions with Chinese government officials as we look at this opportunity”.

John Quelch, dean of the China Europe International Business School in Shanghai, said: “Coca-Cola is an American icon. They will be the first of many and I expect the news will set off a wave of announcements about listings on Asian markets.”

The move marks yet another dramatic shift in Coca-Cola's relationship with China. Although it set up bottling plants in Shanghai and Tianjin in 1927, it was kicked out by the communists in 1949 as a symbol of US imperialism. It returned in 1979 when China began its economic reforms.

The news follows announcements that three London-listed companies, HSBC, Unilever and Standard Chartered, are also planning to join the Shanghai exchange. China now has the world's third-biggest stock markets after the US and Japan.

Quelch said Coca-Cola's move was the latest signal in a wider shift in the world economy. "The percentage of the market cap of global companies that is currently held by US investors is going to decline. In 10 years' time, I'd predict that 20 companies in the Fortune 500 will have Asian chief executives."

Last year, Coca-Cola's chief executive, Muhtar Kent, said that the company intended to spend \$2bn in China. The firm's Sprite brand is already the country's top selling soft drink. But competition is fierce from local brands Wahaha and Kangshifu and American arch-rival Pepsi, which has a deal with Yum Brands, owner of KFC and Pizza Hut.

China is Yum Brands's fastest growing market: the company opened 500 new restaurants there last year. It now has over 4,000 outlets including the local Little Sheep Mongolian barbecue chain.

Philip Gorham, an analyst at MorningStar, said a Shanghai listing would allow Coca-Cola to "tap into a fast growing investor market" and "allow Chinese investors to invest in a great company without the currency risk."

Gorham added that Coca-Cola was currently enjoying double-digit growth in China – its third biggest market after the US and Mexico – at a time when sales were close to flat across North America and Europe.

Overseas companies can list in Hong Kong but they are barred from doing so in mainland China. Chinese investors can only buy overseas-listed shares through special investment programmes.

Plans to allow the listing of foreign firms have been under discussion since 2007. But the financial crisis is believed to have delayed the authorities' plans to allow qualified foreign companies to issue yuan-denominated stocks.

Chinese media have recently reported that the government may approve the listing of overseas companies on the mainland by the end of June and the first listing on that board may happen as soon as October.

SUPERMARKET SANDWICH MAKER TAKES BIGGER SLICE OF LUNCH MONEY

Greencore says cost-conscious office workers are replacing lunch with up-market supermarket sandwiches.

Greencore, which makes almost one in three sandwiches sold in British supermarkets, has said that cost-conscious office workers are increasingly buying supermarket takeaway sandwiches to eat at their desk rather than visiting higher priced restaurants and sandwich bars.

Despite severe weather disruption hampering deliveries and sapping demand in December, the retail value of Greencore sandwich sales for the half year to 25 March rose by 8.4 % in a market up 2.6 %.

The company's chief executive, Patrick Coveney, said that despite price rises caused by increased ingredient costs, Greencore had seen stronger demand for its higher-end sandwiches and alternative lunchtime options such as sushi, wraps and salads.

He believes this "trading up" trend is a consequence of more affluent workers choosing to cut down on more expensive lunchtime options such as restaurants and sandwich bars.

Greencore makes more than 200 m sandwiches a year for shops including Sainsbury's, Asda, Co-op, Morrisons and Boots. The business also makes other convenience food products but its "food to go" division accounts for 80 % of group sales.

The company, which is incorporated in Ireland, posted a half-year pre-tax profit of € 2.48 m (£ 2.16 m), down from € 10.74 m for the same period last year. Profits would have doubled if the company had not incurred € 17.7 m of exceptional costs, primarily relating to its failed merger with Northern Foods.

In March, Greencore abandoned its pursuit of the rival food manufacturer, clearing the way for a £ 342 m bid from the Birmingham-based poultry processing entrepreneur Ranjit Singh Boparan.

Greencore's € 13.6 m bill for the fruitless merger attempt is equivalent to about 5% of the company's market value, but Coveney insisted that advisers had properly earned their fees, securing a £ 250 m refinancing package and working through the legal complexities of the proposed combination.

"It was a lot of money, I am very conscious of that. But we were pretty comfortable that we got the service."

Coveney said he believed there remained consolidation opportunities in food manufacturing, despite having lost out in the battle for Northern Foods.

A GAP IN PERCEPTION ON MIGRANT WORKERS IN SPAIN

The Guardian's report on harsh conditions for agricultural workers has been criticised by Andalucía's horticulture industry, but can their audits give a full picture?

Migrants working on salad crops in Andalucía in Spain face harsh living and working conditions. Photograph: Matt Haan for the Guardian.

The Guardian film about the harsh conditions experienced by many migrants in southern Spain who work on the salad vegetable harvest through the autumn and winter months has provoked a furor in the Andalusian horticulture industry. The industry says that farms are audited both by the co – operatives to which farmers belong and by international retailers, and argues the only a small minority of workers are involved. Those working with migrants on the ground, such as the tiny union SOC, say the problem is endemic, with undocumented migrants routinely being paid less than the legal minimum.

Why such a gap in perception? A similar diversion of views existed in the UK when extreme exploitation of migrants in agriculture and food processing was first being documented here. Repeated stories by journalists, such as those in the Guardian about illegal employment, underpayment, illegal housing and often a climate of fear that prevented migrants from complaining, were met with a response that these conditions were the responsibility of the occasional rogue employer.

Yet by the time the Gangmaster Licensing Authority was established in 2005, it was clear that the problems were systemic. Inspections and raids on mainstream factories, packhouses and large farms found extreme conditions even though many had passed their supermarket audits.

I asked the Ethical Trading Initiative, the alliance of businesses, trades unions and voluntary organisations that works to improve conditions in global supply chains, what it made of this gap. Its new director, Peter McAllister, explained the limits of audits in general. They have a value in that they represent a snapshot of conditions at a particular time, but they can never give a full picture.

Even when theoretically unannounced, auditors have to seek permission to enter premises, and without giving an exact day often say they will come within a window of time – effectively giving producers notice of visits. It is hard for an audit to reveal things that are deliberately hidden or off site, such as housing conditions. “We hear many, many stories of how it is possible to present your best appearance to pass an audit, by keeping double books, by moving labour around, by producers choosing which sites among several they might own are audited,” McAllister said. “Thoughtful auditors are aware of this.”

In a country like Spain that has strong labor laws, the ETI says the prime responsibility for ending exploitation rests with the state, which needs to enforce the law, but industry also needs to understand “how its practices – very short term jobs at very low wages – create these conditions”. The best way for workers’ problems to come to light is not through audits, but through organised labour, that is unions which can give them a voice.

WAITROSE TO LAUNCH MID – PRICED HEALTHY FOODS BRAND

Grocer tries to steal march on rivals with new range of ‘nutrient-packed’ products

Waitrose will launch a major new grocery brand this month as the grocer continues to attempt to steal the march on its larger rivals.

The Waitrose “Love Life” brand, which will debut in stores later this month, is the grocer’s biggest initiative since the successful “Essential Waitrose” in 2009 and aims to highlight “nutrient-packed” foods. The new brand’s logo will also be stamped on other foods across the store to highlight their nutritional value.

Waitrose’s marketing director, Rupert Thomas, said it was not a diet brand, but spelled a “new approach to healthy eating”. “Usually this area is seen to be about restriction of choice but Love Life is about eating more variety and more of the right things.”

The range was developed after customers complained of wanting to eat more wholefoods and less saturated fat. A blueberry, blackcurrant and beetroot smoothie and high-fibre white bread are among the first batch of 270 products that will start to arrive in stores from 30 June. Love Life will also have a quarterly magazine and a section on the retailer's website.

Waitrose uses chef Heston Blumenthal and cookery writer Delia Smith to endorse its products and a new "face" is expected to front the brand, although Thomas declined to comment further.

Thomas said Love Life was a mid-priced brand that would complement the staple goods offered by Essential Waitrose as well as the more indulgent treats available under upmarket banners such as Duchy Originals and the Heston range. The new boss of market leader Tesco recently announced plans to launch new brands – although they will not carry the Tesco name – as a way of grabbing customers' attention, and Waitrose's move will put pressure on rival Marks & Spencer which is also targeting healthy eating.

The Essentials brand helped Waitrose to shake off its reputation for being more expensive than rivals, and it upped the ante last year with a long-term promise to match Tesco prices on 1,000 branded products including everyday items such as Heinz baked beans and Fairy Liquid.

It has continued to enjoy strong growth despite tough conditions in the wider market as food and fuel price inflation eats into consumers spending power.

Part of the employee-owned John Lewis Partnership, it is expanding aggressively with plans to open 40 stores this year, including the new convenience format Little Waitrose. The warm spring has also helped, with sales up 7.3 % last week.

TESCO'S COLLEGIATE APPROACH TO PAY IS ACTUALLY COSMETIC

The supermarket group is dishing out bonuses and long-term incentives on a group-wide basis.

How nice, Tesco's executive directors have come over all "collegiate". Bonuses and long-term incentives will be dished out on a group-wide basis, with nobody's performance singled out for special reward or punishment. It's Team Tesco from now on.

This happy picture of comradely unity is spoiled only by the fact that Tesco's motives may not be entirely straightforward. The supermarket group seems primarily concerned with avoiding a repeat of last year's embarrassing annual meeting when a third of votes were cast against the pay report. Most of the outrage was prompted by the rewards collected by one executive – the £ 4.26 m for Tim Mason, head of the poorly performing US chain Fresh & Easy.

Mason's pay fell last year to £ 3.1 m, annual report revealed, but that sum might still be regarded by mutinous shareholders as too rich. Fresh & Easy lost £ 186 m last year and, whatever Tesco says about how much customers love the format, it is odd to find Mason was still the second – best paid executive in a boardroom where seven directors scooped £ 2 m – plus last year.

The new “collegiate” approach to pay looks like a way for Tesco to throw its protective arms around a senior director while simultaneously trying to signal to investors that it takes seriously last year's revolt. That's charitable on the part of Mason's colleagues. But will a display of team spirit satisfy all shareholders?

Probably not. They will see immediately that, even if Fresh & Easy goes from bad to worse, Mason could still collect handsome bonuses to reflect the sparkling performances in the rest of the Tesco Empire. They might regard that as perverse. They might conclude that they are being fobbed off by the pay committee.

Tesco has only itself to blame for this muddle. At the time of the launch of Fresh & Easy, it argued that bigger and better incentive arrangements were required for the top operatives selected for the US mission. Now the venture is proving troublesome but Mason is being protected via the new “collegiate” clause. It looks like a classic case of heads-you-win, tails-you-don't-lose.

WALMART GETS FIRST FOOTHOLD IN AFRICA

Walmart has been approved to buy South Africa's Massmart despite fierce union opposition, clearing the way for it to expand into a fourth continent.

Walmart, the world's biggest retailer, has gained its first foothold in Africa despite fierce opposition from trade unions.

South Africa's competition tribunal approved the multinational corporation's \$ 2.4 bn (£ 1.5 bn) bid for Massmart, which has 288 stores in South Africa and a dozen other African countries, without conditions that could have

jeopardized the deal. The move clears the way for Walmart in a fourth continent, having already aggressively swept through America, Asia and Europe.

Supporters of the deal saw it as a vote of confidence in Africa's economic growth and proof that South Africa is "open for business". But the country's powerful trade unions condemned it as likely to drive down wages and cost jobs, warning that they could respond with demonstrations, strike action and "the mother of all boycotts".

The deal has been seen as a test case for foreign investment in South Africa, which is home to the continent's deepest capital markets but where unions also hold huge political influence.

Walmart has made inroads into Brazil, China and Mexico but faced unusually strong resistance to its bid for a 51 % stake in Massmart, a discount retailer that sells everything from alcohol to televisions.

The competition tribunal said that it had approved the deal, with the stipulation that Walmart must not cut jobs for two years and must work to develop local suppliers. Massmart must also "give preference" to re-employing 500 workers fired last year.

"The merging parties contend that the merger will indeed be good for competition by bringing lower prices and additional choice to South African consumers," the tribunal said. "We accept that this is a likely outcome of the merger based on Walmart's history in bringing about lower prices."

"However, the extent of this consumer benefit is by no means clear – Walmart itself has not been able to put a number to this claim, only that it is likely."

Three government departments and the unions had lined up against the deal, asking the tribunal to impose targets for local procurement and a freeze on job cuts. But the Arkansas-based retail group, which owns Britain's Asda supermarkets, had warned that it might walk away from the negotiations.

The government and unions are concerned about Walmart's global supply network which, they argue, could lead to a flood of cheap imports, sparking job losses and squeezing local suppliers. Unemployment in South Africa, one of the world's most unequal societies, rose to 25 % in the first quarter this year.

Patrick Craven, spokesman for the Congress of South African Trade Unions, said: "Overall we think it's a victory for Walmart and we shall be continuing our campaign against the takeover of the Massmart stores. We believe all the reasons for that campaign are still valid."

He added: “Trade unions all around the world have been campaigning against Walmart. Walmart is a notoriously bad employer. Even in America there are campaigns against it in New York and Washington. They pay their workers low wages, they ban trade unions wherever they can get away with it.”

“At the very time we’re trying to create jobs in this country on a massive scale, we’re going to see jobs disappearing as a result of this Walmart takeover.”

He warned that pickets, demonstrations, a boycott of Massmart stores and strike action were all options that would be considered by the union body, which is aligned to the governing African National Congress.

But Tim Harris, shadow trade and industry minister for the opposition Democratic Alliance, argued that Walmart would “promote much – needed competition in the retail sector – to the benefit of all South Africans experiencing the rising price of their basic necessities.”

He added: “The approval of the deal also sends the signal that South Africa is open for business, despite the protectionist instincts of certain economic ministers. The DA believes that this deal will help to position South Africa as the foreign investment gateway into Africa – to the benefit of economic growth and job creation locally.”

Speaking from Arkansas, Grant Pattison, chief executive of Massmart, told South Africa’s eNews television: “We’re very pleased and we think the ruling gives something to everyone and certainly should give confidence to international investors.”

SAINSBURY’S: YOUR NEW LOCAL BOOKSHOP?

According to The Bookseller magazine, Sainsbury’s is the UK’s chain bookseller of the year, “an alternative place to buy and browse”. Maybe – if you’re only in the market for books about Michael MacIntyre and Madeleine McCann.

Do you know which bookseller is the best in the country? According to industry bible the Bookseller, it’s Sainsbury’s. It gave the supermarket a gong (with the marvelous title of the “Martina Cole general or chain bookselling company of the year award”) for “reinvigorating book zones, increasing book sales by more than 33 % and attracting new book buyers to the market”. In the Bookseller write – up, one judge was quoted as saying: “We should celebrate the

fact that they are embracing books and offering people an alternative place to buy – somewhere they can spend time browsing as well as buying.”

Browsing? In Sainsbury’s? I decided to check it out. Yesterday I cycled along to my local branch and had a good look over the literature on offer. I wouldn’t dignify that activity with the word browsing, however: it took me more time to find the book section (tucked away next to shelves filled with WD – 40) than it did to decide I didn’t want to buy anything it was selling. There were a handful of recipe books, a top 40 chart (select titles: Kate Morton, *The Distant Hours*; Mary Burton, *Dying scream*; Felix Riley, *The Set Up*; Michael McIntyre, *Live and Laughing*) and a small section dedicated to a book about Madeleine McCann. If pushed, I could have walked away with *The Fry Chronicles*; otherwise there was nothing I even wanted to pick up. And I looked at every book. I even counted them: 88 different titles. That’s more than Heinz’s 57 varieties. But fewer than the different types of cheese available in the same shop.

Most depressingly of all, the children’s section was limited to one small row at ground level. It looked about as thrilling as well – a supermarket shelf. Selling children’s books should be about selling excitement and wonder. The bookshops of my childhood were beautifully decorated gateways to mystery and adventure. It’s sad to think that my daughter’s generation may have no more attachment to choosing their next read than to choosing a tin of beans, and that books will be lumped in with the general boredom of cleaning products, potatoes and checkouts.

So much for “celebrating” browsing. Perhaps I’m romanticizing too much. It’s easy to be snotty about the books in Sainsbury’s, and to complain about their lack of range. The chain could reasonably argue that it gives people what they want and does it well. If people wish to read about Michael McIntyre, that’s entirely their choice. If it annoys sanctimonious media types like me, so much the better.

Genuinely troubling, though – and a matter of hard fact rather than emotion – is that the way supermarkets sell books is damaging to most of the publishing industry. Nearly all the books on offer in Sainsbury’s, for instance, were priced at two for £ 7. That’s less than the price of a ready meal for each book. Once you’ve factored in the costs of editing, proofreading, typesetting and production, how much does that leave the author per copy? Not much. How much profit does the publisher make? Not much. How much could a small specialist press hope to make at those prices? A colossal loss. Only a very few books can hope to become economically viable.

Meanwhile, the fact that these books are sold in supermarkets has an effect on every other book. Scooping a healthy percentage of bestsellers out of the traditional marketplace has had a huge impact on the profits of all other booksellers – and is a big part of the reason they're all struggling so much now. When these shops go, so will a great many publishers. While there may still be variety online, the loss leader prices in supermarkets devalue books as a whole. They make people resent paying more than £ 5 for a new book, and so give copyright thieves an excuse to feel self-righteous about refusing to pay the prices publishers charge for e-books. Why hand over £ 8 for an electronic book when books in the supermarket cost less than £ 4? Publishers are struggling to provide a persuasive answer.

Awarding an industry prize to Sainsbury's seems idiotic, like awarding a peace prize to Tony Blair. It's another symptom of the malaise in the trade. But then, who else is in the running for the Martina Cole general or chain bookselling company of the year award? Waterstone's, which has been on the verge of collapse for the past year? WH Smith, whose bookselling section should have been put out of its misery in the early 80-s? The fact is that there are no bookselling chains worthy of any kind of prize at all. The parasites have all but eaten the host. The host should stop thanking them.

MORRISONS WEIGHING UP TAKEOVER BID FOR FROZEN FOODS CHAIN ICELAND

- Landsbanki, Iceland's biggest investor, hopes to raise £ 2 bn
- Chain's management, with 26 %, has right to match any offer

The supermarket chain Morrisons is weighing up a possible bid for frozen food chain Iceland which is expected to change hands for up to £ 2 bn this summer.

A fortnight ago Landsbanki, the failed Icelandic bank and the retailer's biggest shareholder, hired investment banks UBS and Bank of America Merrill Lynch to find a buyer for its 67 % stake. Morrisons is also close to appointing advisers to assess Iceland, setting the scene for a hotly contested auction. Iceland's chief executive and founder Malcolm Walker, who along with management owns 26 %, has the right to match any offer for the company.

Buying Iceland, which made profits of £ 184.2 m on sales of £ 2.2 bn last year, would be the most aggressive move yet by Morrisons chief executive, Dalton Philips, to catch rivals since he took over the smallest of the four main grocers a year ago. He has pulled off a series of small deals, including a £ 32 m investment in the US internet grocer FreshDirect and the £ 70 m acquisition of baby goods retailer kiddicare.com. But with officials winding up Landsbanki hanging a price tag of between £ 1.8 bn and £ 2 bn on Iceland, this would be in a different league. A spokesman for Morrisons declined to comment.

Any takeover by a member of the big four would not be plain sailing as it would attract the attention of the competition authorities and potentially result in the purchaser being ordered to sell hundreds of stores. Most recently Asda was forced to sell 25 % of the stores it acquired from its £ 800 m takeover of discount rival Netto. Insiders at the frozen food specialist insisted a break-up of the near 800 – strong chain was not on the cards. Landsbanki inherited its shareholding in Iceland Foods from the collapsed retail investment group Baugur, a situation that was further complicated by the failure of the bank itself. The investment is now marshaled by its resolution committee and is one of a number of former Baugur investments – including Hamleys and Goldsmiths owner Aurum – that are said to be on the block. Last week the committee said: “According to UBS and Bank of America Merrill Lynch, market conditions are favorable and it is therefore advisable to commence the sale process.”

Morrisons is not the only business circling Iceland. Sainsbury’s, Asda, and the private equity firms Apax, Lion Capital and BC Partners are also expected to show an interest. Last year Walker, who started the business 40 years ago, offered to buy out Landsbanki and Glitnir, which has 7 %, in a deal that valued Iceland at £ 1 bn. The offer was rejected and he is expected to make a fresh offer with his advisers NM Rothschild.

The demise of Baugur saddled the Icelandic banks with a mixed bag of investments but the purchase of Iceland’s owner, Big Food Group (BFG), in 2005 for £ 326 m, was one of its most successful. BFG also owned the Booker cash-and-carry chain and Woodward Foodservice, which were successfully spun off in a break – up that valued Iceland at £ 160 m. Iceland has no debt and Walker puts its success down to the simplicity of its “round sum” pricing. Walker’s tenure at BFG ended abruptly in 2001 when he was ousted after the company issued a

profit warning only days after he had sold shares worth £ 13.5 m. A Serious Fraud Office investigation cleared him but Walker did not return until after BFG was acquired by Baugur. Analysts say that Walker is a key ingredient of the retailer's success, as in the four years he was absent profits declined.

TRADING SUBDUED AS US AND EURO ZONE WORRIES WEIGH

Monday 16.00 BST. Investor sentiment has deteriorated as the session has progressed, with US growth concerns and euro zone debt worries meeting a batch of market holidays to discourage bold moves.

The FTSE All-World equity index is down 0.5 per cent, while a slowly strengthening dollar signals a diminution of risk appetite, forcing initially buoyant industrial commodities to retreat.

The FTSE Eurofirst 300 is sporting a loss of 0.8 per cent as financials suffer on sovereign bond exposure fears.

A 1.2 per cent fall in Tokyo – as banks dropped on worries they would have to take a hit on loans to Tepco, operator of the stricken Fukushima nuclear plant – was the main cause of a 0,3 per cent dip for Asian stocks. Bourses in mainland China, Hong Kong, South Korea and Taiwan were shut, ensuring meagre action in the region.

But most of the damage to sentiment has been delivered by Wall Street, which has drifted lower for much of the New York morning, leaving the S&P 500 down 0,5 per cent and entering its sixth successive week of declines.

The benchmark has lost 5 per cent since hitting its post-credit crunch peak last month as the euro zone fiscal crisis has again flared up and global economic data have signaled slowing activity after monetary authorities moved to tackle higher commodity prices.

Навчальне видання

МЕТОДИЧНІ ВКАЗІВКИ

до виконання контрольних робіт та самостійної роботи студентів з
англійської мови для 5 курсу БФ факультету заочної форми навчання

Укладачі: КОМОВА Галина Володимирівна
КИРИЛЕНКО Лариса Григорівна
МУЖЕЦЬКИЙ Петро Павлович

Відповідальний за випуск О.І. Горошко

Роботу до видання рекомендувала Т.О. Снігурова

За авторською редакцією

Комп'ютерна верстка Т.О. Михайлик

План 2012 р., поз.196/

Підп. до друку Формат 60x84 1/16. Папір офсетний.

Riso-друк. Гарнітура Таймс. Ум. друк. арк. 2,0

Наклад 50 прим. Зам. № Ціна договірна.

Видавничий центр НТУ “ХП”.

Свідоцтво про державну реєстрацію ДК № 3657 від 24.12.2009 р.

61002, Харків, вул. Фрунзе, 21

Друкарня НТУ “ХП”. 61002, Харків, вул. Фрунзе, 21

МІНІСТЕРСТВО ОСВІТИ І НАУКИ,
МОЛОДІ ТА СПОРТУ УКРАЇНИ

НАЦІОНАЛЬНИЙ ТЕХНІЧНИЙ УНІВЕРСИТЕТ
«ХАРКІВСЬКИЙ ПОЛІТЕХНІЧНИЙ ІНСТИТУТ»

МЕТОДИЧНІ ВКАЗІВКИ
ДО ВИКОНАННЯ КОНТРОЛЬНИХ РОБІТ ТА САМОСТІЙНОЇ
РОБОТИ СТУДЕНТІВ
З АНГЛІЙСЬКОЇ МОВИ ДЛЯ 5 КУРСУ БФ ФАКУЛЬТЕТУ
ЗАОЧНОЇ ФОРМИ НАВЧАННЯ

Харків 2012